

10/8/01 Bd

7:46 Km. notes

Welcome

- Rick

- Mark

- David

- No discuss

Tues

1 1/2 hr. Exec session, incl. Co.

Rick - recurring net inc

Sarge - What are we thinking re: disclosure?
Net inc. req. debt / equity assets

Paul - Am recurring items

AZX - Reasoning for all items but AZX and BA
w/ litigation pending (+105 M) or both
90% confidence level when assets can be sold
AZX N. Am. - Non-close

EPS 2001/02

EC37349A0030690

1) Severance 369 MM

2) Sale of inv. & impairment ± 52 MM

3) contract services (BB) ± 162 MM

monetary primarily) Impairing to

Shows ± 1 billion for fiber network

will be useful if impairment

Shows in Inv 462 AT slides

NPD IPO'd 1 yr ago
- Concept takes out
- Dereg

liquidity difficulties
Earnings loss

\$200 M⁺ containing inv.
could recognize ^{up to} 100 + 30

Raptor

Lot of criticism

Orig intent - Hedge merch inv.

Outcome - Book merch inv. + ENE

sth ↓

- Buyer & buyer diluted sh o/s

Take loss as non-recurring

Paula - Discuss of

Surprise to analysts?

MEK - AZX - No,

EBS - Expect impair, but costs different

NPL/Ment - Net inc. came to us

recurring. Non-rec. loss

Goodman persuaded - what is response?

MEK - May not be fully successful

May need to disclose remaining NPL int.

Concern on equity impact (+ Raptor-related

Paula/Conroy slow mark gain on sale of assets?
Phyl - Personal

Service Co - EFS - in line w value created

LAW - Small in FAVA

EBS - Still level business?

Health - \$1.5 bil remaining

MEK - Vehicles: Raptor done.

[Buy Out]

EC37349A0030691

Sargei: Need to be as open as possible.

Bleh: No 2nd chance - imp. to be very forthcoming

Fosta: Martin \$750 MM exposure. Contingent equity.

Belfr: Any other assets w/ exposure?

[Buy in]

Causy: Mariner

Plan to ~~set~~ disclose / set out

[See pros - EPS 3Q Bar chart]

MEL

@Paulo - Brazil / AES

- Enron had diff. ap & could diff. multiple
- GW - why not more target like (Luh)

Divide

(See pros)

Ken

- Enclpt reports handed per
- Ken memo re All Enpl Survey
 - Enpl. Q?
 - When ENS is due

8:58 Adj.

EC37349A0030692

LoD Exec Session 10/9

- Began @ 8:10 a.m. - Exec. Session started
- appar 9:30
- Ken

WE / Alderman in to brief mgmt on MVA / current environment

Outlined agenda for mtg.

[Jim left]

[Jim entered w WE / Alderman repr]

- GS / WE presentati-

Purpose: 1) State of play on MVA

2) Consider AS last 12-18 mo w mkt activity and ENE values

3) Specific Enem vulnerabilities & assessment

4) Overall observations on co's thinking about preparation for hostile act.

Don't think
Statement Enem is very vulnerable today

[See pros, p. 4]

Ken - Thank you Lord pros.

[GS / WE / Factor, Derrick / verbally left]

[Factor left; Derrick act'd]

Ken - 2 steps - sh right plc

- Put on shelf, but not in place

Provide time

- Recommend against staggered LoD

[Whally in]

See Agenda - show item 8

EC37349A0030693

Guediche (cont'd from

- Very good report on Compliance
- Received 60 cases 10.20 before
- Special investigation report, w/ AIC panel reviewed
- (usually ^{Kim} & ^{provisions} protected w/ Smith)
- Concerns re Reptn & LTM

Employee
with
for

Conflict of int
Approp
disclosure

- Nothing unusual in approach to review & investigation
- Reporting due to ~~prohibited~~ investigation reporting by media
- Audit Comm. reviewed in detail Mon.
- ^{Writer of} Anonymous letter identified & talked w/ Ke
- Legal review of transactions, accty., disclosure

Nothing unusual about

[Foster In] (Went out w/ GS/VWE)

- LTM still exists, but not related & no new transactions

~~Concern~~

[Foster Out]

- BoD heard Mon eve about losses of wind-down
- Reporting due to something vs-a-vis press
- Review in ord course & reg imp

Kim - V&E (led by Lily), working closely w/ BA

- o Legal
- o accty.
- o Disc.

Reviewed by Fin Com.

} Approp.

- WSJ compiling article about not able to corroborate
- Andy expressed initial concern; now out of mind.
- Andy aware of misstatements
- Employee approach / background w/ AA / motivation
- Employee moved temporarily to Comon Affair
- Very capable acct / finance - May not
- know all facts

Foster Out

Ken clarified that reserves 220 but 7 y/pend.

David - Comon systems backup

Paul - 92K very helpful prep

Paulo - Steve addressed plan and demand

etc

1. Alicia
2. Paulo

Finance Report - Greg

- Mkt report
- o Banko / mkt - general
- o Gen co.

Result: Enormous spreads? v borrow capacity v
O/N sig ↑; raised 7 since 9/11

(Josh / David Jr)

EC37349A0030695

- Watch offs -

- o Spectrum: No A → downgrade → Watch
- o Expect agencies to give time to sell assets
- o \$ 3.6 bil

well positioned this yr. so any more routine - type + revs.

FU write
with
AZX

◦ Simplify, quality earnings, reduced debt all +

◦ Paolo from raised? re: Whitman & AZX

Morley - Role debt forward or long in
Worren owned

Whitman, - Roll forward or sell assets;

Reviewed

◦ Large imbedded value in Enron stock

◦ Permitted timing of

◦ 2 things happened adversely:

- ENET

- Asset value ↓

◦ Issue was not the vehicle, but assets

in vehicle

Audit/governance roles in R M

- Scenario testing

- 7 scenarios data

New Risk Policy Audit

Int contracts

Vio

FR

Framework

Limits,

Review min. returns relation

to expectations

> 200 MD

if ↓ 36 m. interest

Recommended Δ's to Policy

" approval of minutes

EC37349A0030696

Report on News

- Very helpful analysis of other cos of sim. size
- Each have some gaps but Emma not in bed shop

FU ◦ Ryan @ risk mfg. w: plus

FU ◦ Kelly @ BOP

9:25 Break

9:30 MC ^{+ others} attend

Dave again EES.

~~★~~ FU ~~★~~ (Capture deal specific profitability)

Pop - hard to track earnings & costs

Look @ whole books or group of deals.

~~★~~ Dave Dr

Ken - Dave & Grant have rebuilt business

Dave - margins good but

DSM can be syndicated & gain high volume.

James - Capital Deployed

[Derrick Dr] Left?

FU

Blake - Wants to see GM and Costs as % of Rev.

Op Statements on deal

Line by line cost / earnings

10:40 10 min break

10:53

Ken - Analyst Reports

EC37349A0030697

* FU Justin wants consol / unity picture of whole / Retail

* FU Blake wants schematic
AD - Behind the meter (DSM)
~~Reduce demand~~

Ref - EOL profitability
JL - Margins falling but offer by ↑ vol.
Lth Bid / offer increase but not quantifiable
NG mkt very liquid
light 80% on positions.
No fee for EOL very attached

Pants - Bid / Offer 25
Trading 50
Orig. 25 Pecker, 5, Alkal 1, 2 of 50 6, 12

Highly tilted to trading
JL -
Dom. mkt. position

FU

Need to disable phone in
Board room

EC37349A0030698

[Benson, McMahon, By, Casey, Fisher, Lipp]

KLL - stressed need to conduct bus. ↓

keep motivated input ↓ workforce

- Reviewer priorities

- Whole sale

- Retail - P&I & White discharged not

executing, KLL learned of next night early '01.

- P/L's / EGAS - staying to finish

- Cap. Strategy

- Consider buying or being bought

Foster - pioneering spirit

input to others

Direct w.

Compliments in corridor

Legal - Permit

India - "prevent" defense

no reg. ruling, no ruling

Inquiry -

moved today in Con H (H to go

inj. against their money in India

EC37349A0030699

Calif. -

- Senate Comm agreement re: what manifest

or does pass

- Class action recall. before state judge a

Sen. Overo to decide who hears

Comms about judge's association w/ a plaintiff

lawyer.

1:25

EC37349A0030700

AF - ^{Answer} EIM had shown just a compromise to date

① Gross.

② Equity entry for stand alone inv.

Paul - Should Enron be spending \$ in today's market?

AF - Every \$ out the door is reviewed

- ~~the~~ Should not stop transaction

- If draw line @ \$250, we have big decision

- Mgmt will make relaying going commitments in any event.

- Closing of P66 Key

- Sale of ^{DDrashtovz} ~~Public~~ plant Key

\$400 M cash proceeds, 5X FBTDA
50/50 pass

Garrett - Asset needs to be critical to Enron's future strategy.

KLL - Very imp 1) Key part of strategy needs to increase cash flow

2) Any earnings guidance + non-recognition

Blake - ~~the~~ Condition of sale of other assets to appear net inv.

KLL - Wessex goodwill

Wendy - Plant questioned location - 40 mi. from Hattinby

[Savvy left]

Environ - 1500 acre site

Big empl in city, 350 people

- Greenfield.

- Tax abatements

JM - GP wanted to

[Wholly left]

to a specialty paper co. Selling @
world wide - price low.

[Savvy in, wholly left]

Duncan - Luxury of waiting on G.D. decision?

- 40 income - \$ 75 mn ship

(8) order

567 non-cash earnings

EC37349A0030526

Belfer - Fisher supply is mkt

[PHR Out, G. Mc Cormick Jr]

Dincer - Proj S/Wood

- o Subject to Tues ann of
- " to GW outcome of Imp.
- " to retig agency positio Imp.

[McCormick Left]

Blake - BoD very accountable for mkt decisions
^{emphatically} cyclical business in difficult econ environment

Whalley - Advent of a necessary cycle? (Dincer -)

Down cycle is good times to build businesses.

Whalley - ARX, NPL, EBS - did not plan vol right way.

- selling newspaper - sell things that don't flow out
- focus to op. vol flow very imp.

KLL - Hold another BoD mtg. to consider

2 weeks from 10/8 before mtg.

10/15 forecast date.

Heath - Opp to re-price? Swap most likely to re-price.

Peg - Alternate idea

FU *

Dincer - Mtg in next 2 wks

11:00 EWA Sesi —
P.D

EC37349A0030504

PHR Notes



BOARD OF DIRECTORS' MEETING

October 9, 2001

EC37349A0030444

Non-Recurring Earnings

Third Quarter 2001

(\$ in millions)

	<u>Pre-tax</u>	<u>After-tax</u>	<u>E.P.S.</u>
Recurring Earnings	<u>\$ 521</u>	<u>\$ 396</u>	<u>\$ 0.43</u>
Non-Recurring Items:			
Azurix Asset Sales <i>[Impair all of AZX but necessary]</i>	(310)	(310)	(0.34)
Broadband <i>Inv. Sev. Contors</i>	(281)	(183)	(0.20)
Loss on Investing Activities*	(711)	(462)	(0.51)
Total Non-Recurring Items	<u>(1,302)</u>	<u>(955)</u>	<u>(1.05)</u>
Anti-dilution			(0.11)
Total Earnings	<u><u>(\$781)</u></u>	<u><u>(\$559)</u></u>	<u><u>(\$0.73)</u></u>

* Pending New Power market movement

EC37349A0031614

② • Descriptive of New Segments

Third Quarter - Recurring Earnings by Segment

(\$ in millions)

	<u>Third Quarter</u>		<u>Nine Months</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Enron Transportation Services	\$ 83	\$83	\$ 293	\$ 288
Portland General ^② regulatory ↓ power prices (short (3)	(3)	74	122	241
Global Assets ^{power; load > gen. supply} ^{long position (losses) with gains}	16	26	34	140
Americas ^① Very strong ^{then} ^{New reg. mechanism in place}	646	548	2,567	1,134
Retail Risk Management	43	-	(665)	-
Europe and Other Energy Mkts ^④ Small, but ^{new ↑}	67	40	265	216
Energy Services ^③ Very strong	71	27	171	79
Broadband Services	(80)	(20)	(217)	(28)
Corporate & Other	(67)	(111)	(206)	(170)
Interest, MI, & Income Tax	(380)	(375)	(1,158)	(981)
Recurring Net Income	<u>\$ 396</u>	<u>\$ 292</u>	<u>\$ 1,206</u>	<u>\$ 919</u>

EC37349A0031615

Enron Corp.
Reserves
(\$ millions)

	9/30/01	6/30/01	3/31/01	12/31/00
PGE				
Sullivan plant reclamation reserve	20	20	20	20
Allowance for doubtful accounts	25	22	19	10
North America				
Allowance for doubtful accounts	355	559	480	106
Credit	450	350	323	288
Valuation - gas and power	87	277	401	435
EES Specific Deal Reserves	415	248	-	-
PG&E Credit Claims	50	111	-	-
Other specific transactions	87	98	143	58
California and N. West political risk	21	47	47	47
Bammel monetization reserve	-	35	35	35
California tariff risk	-	-	319	-
TVA settlement	-	-	-	253
	<u>1,465</u>	<u>1,725</u>	<u>1,748</u>	<u>1,222</u>
Europe				
Credit	104	114	117	131
Global Exploration and Production				
Allowance for doubtful accounts	11	11	17	17
South America				
Credit	-	-	-	33
CALME				
Dom Rep hotel litigation & A/R reserve	-	-	-	3
Madosa sale - deferred revenue	-	13	13	13
EIM				
Credit	25	14	-	-
Corporate				
Tax reserve related to years under audit (a)	285	285	285	285

California A/R reserves at 60% 3Q; 80% 2Q
Reevaluated monthly

Reserve used in second quarter
Settled first quarter 2001

② Reserve down. Biggest change:
- SOCIAL book specific value charged; actual reserves needed
- Cal CTC 80% → 60%
Approp. given reg. discussions
Cautiously optimistic

Reevaluated monthly

Reevaluated monthly

A/R written off following renegotiation of PPA
Amortization of call option

③ ↓ in 3Q in reserve,
↑ overall for 2002

(a) Tax years under audit are 1996 forward.

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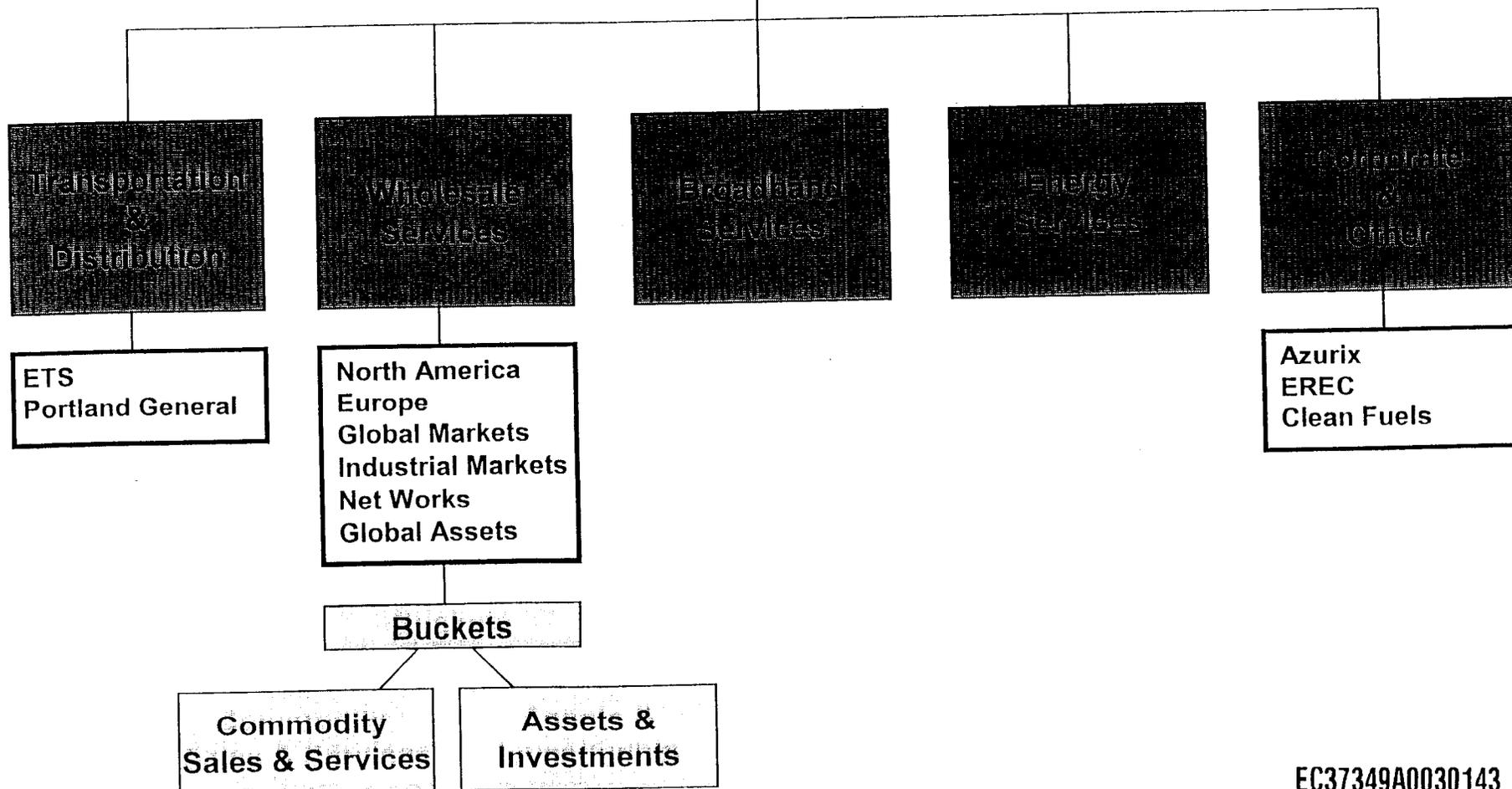


Financial and Earnings Report

EC37349A0030142



Previous Organization



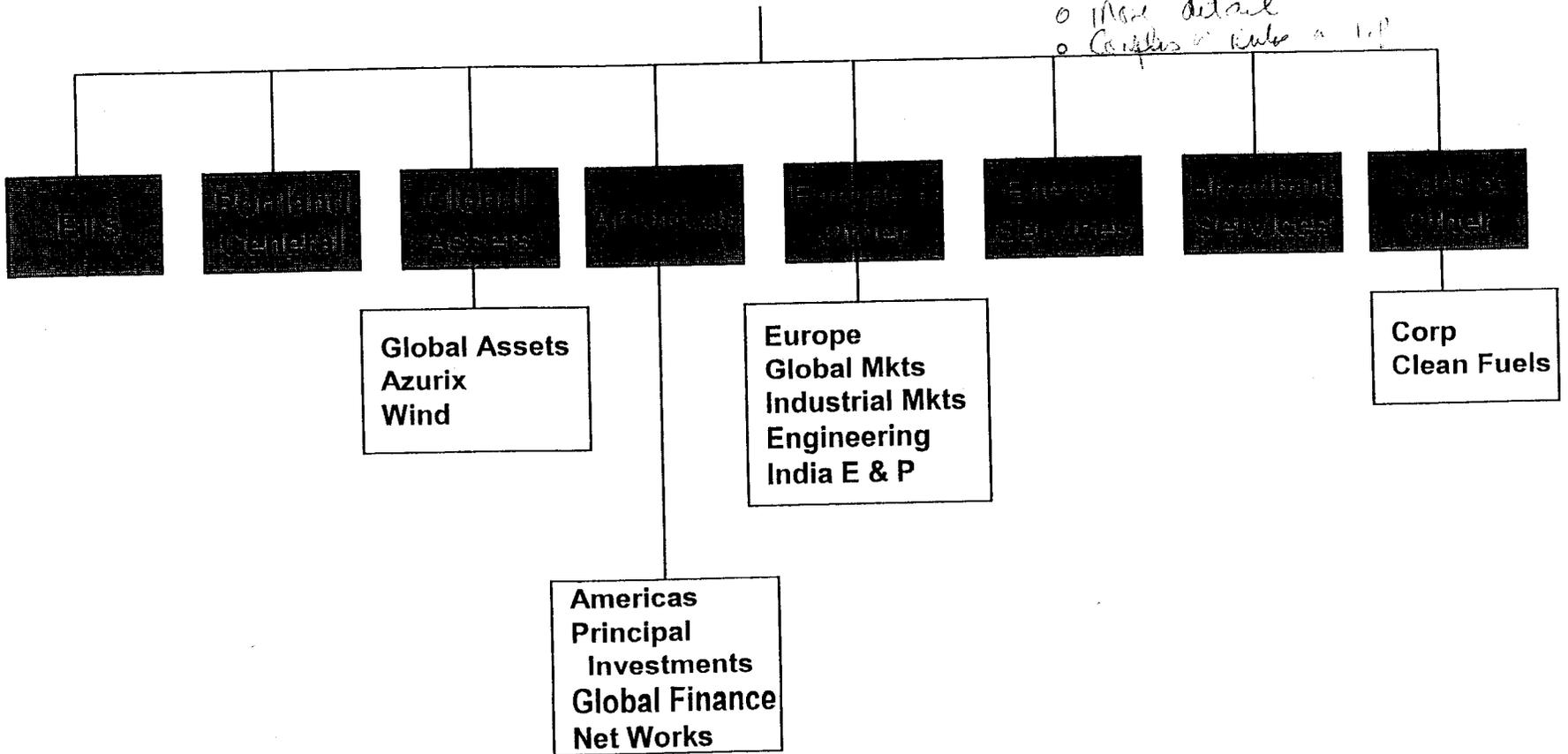
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Revised Organization

- 30
- 8 segments
- Global - New Int'l, A2X

- More detail
- Changes to rules a lot



EC37349A0030144

Additional Disclosures Earnings Release

- Previously disclosed for Wholesale and Retail segments:

Revenues
Income Before Interest & Taxes (IBIT)

- New disclosures for every segment:

Revenues
Cost of Sales
Operating Expenses
Depreciation and Amortization
Equity in Earnings
Other, net

*Not
Previously
for
shared
Wholesale*

Income Before Interest & Taxes (IBIT)

EC37349A0030145

Additional Disclosures 10-Q

- Previously disclosed for every segment:

at least annually

IBIT (including detailed components)
Total Assets

- New disclosures for every segment:

IBIT
Allocated Interest - *allocate d. IBT*
Allocated Taxes
Net Income

*Additional disclosure
1/yr or annually
(at least
annually)*

Total Assets
Management's Estimate of Capital Deployed
Return on Capital Deployed

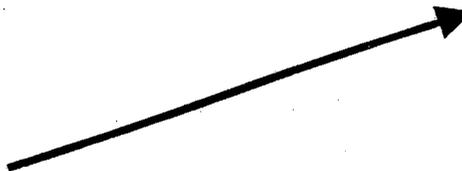
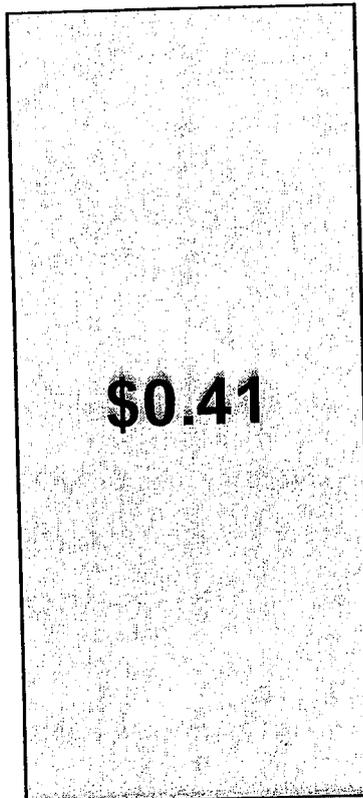
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Recurring Earnings Per Share Third Quarter 2001

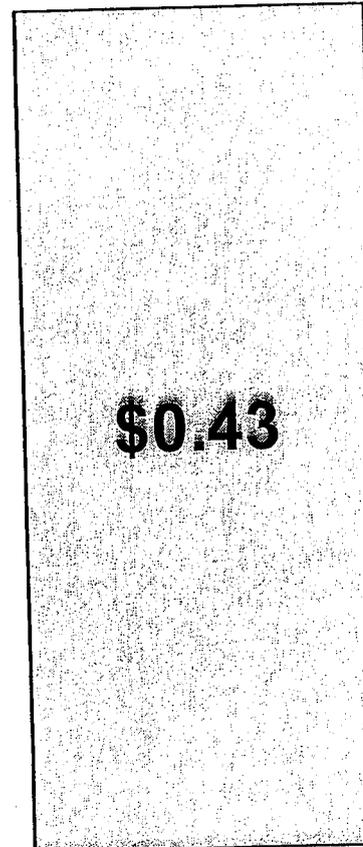
• Release 10/16
• 43¢
SE > Plan

Plan

Actual

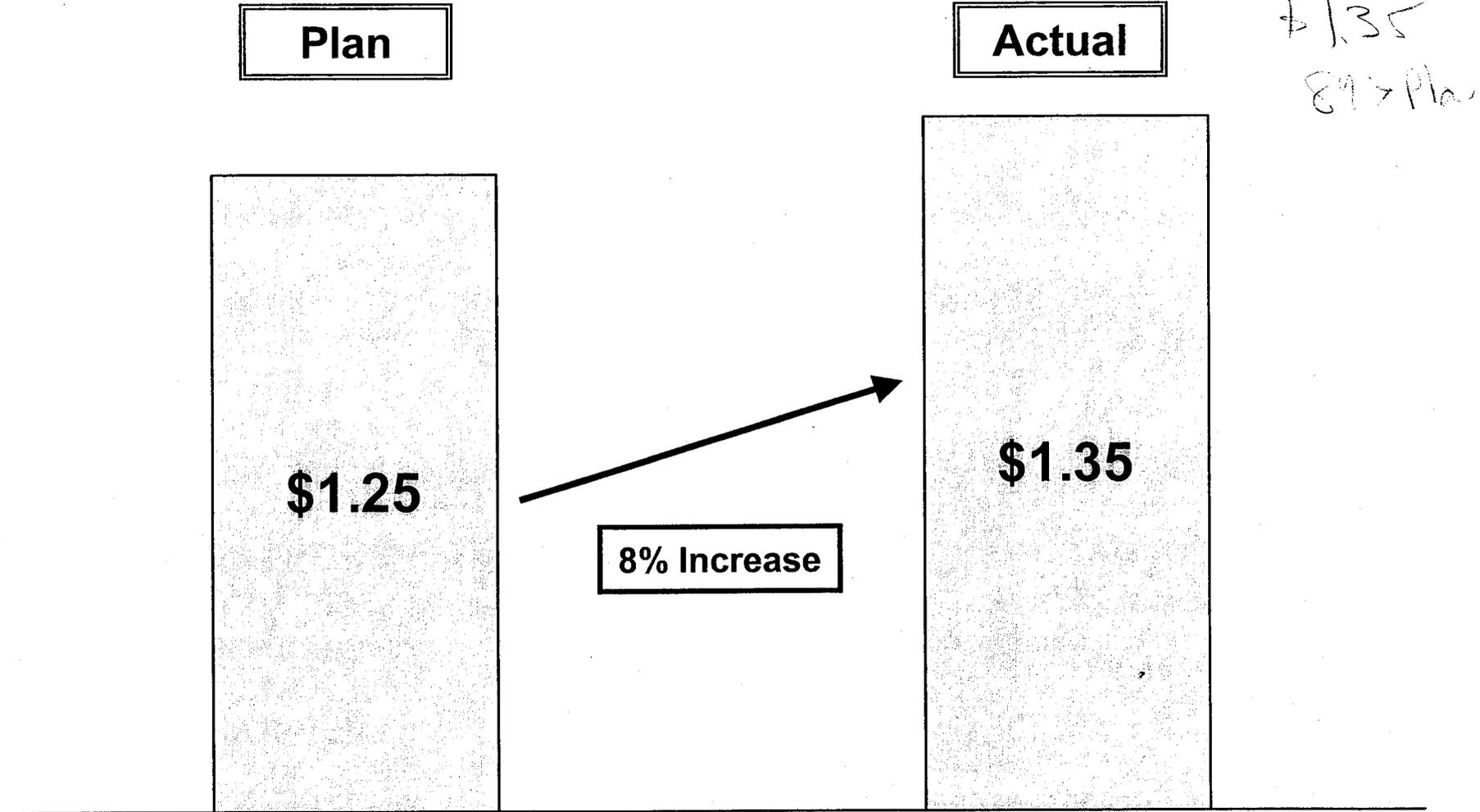


5% Increase



EC37349A0030147

Recurring Earnings Per Share Nine Months Ended September 30, 2001



EC37349A0030148

Third Quarter

Estimated Recurring Net Income by Segment

(\$ in millions)

requirements
 - On plan
 - PGE underperformed
 - Plan assumed sale

- PG short gen. Buy power
 to fill gap. Power prices ↓
 ↑ they lost & on reserve

	<u>Third Quarter</u>		<u>Nine Months</u>	
	<u>Plan</u>	<u>Actual</u>	<u>Plan</u>	<u>Actual</u>
Enron Transportation Services	\$ 31	\$ 32	\$ 120	\$ 121
Portland General	-	(13)	48	43
Global Assets <i>- Debbal - electric power network</i>	10	(3)	153	(10)
Americas <i>- Success story - 878 ↑ our Plan - 2x Plan MTD</i>	216	404	700	1,638
Retail Risk Management <i>- Small gen - 30 Infrastructure challenge MTD (435) tent. increase etc Reserve 4 (ekf. Util. divs Stability</i>	21	21	-	(439)
Europe and Other Energy Mkts	123	37	320	152
Energy Services <i>(50) below plan (50) Global below plan Ambition 40 goals Only activity</i>	39	41	90	90
Broadband Services	(23)	(50)	(59)	(137)
Corporate & Other <i>Loss Plan, Lower margin opps High cost</i>	35	(73)	(261)	(252)
Recurring Net Income	<u>\$ 361</u>	<u>\$ 396</u>	<u>\$ 1,111</u>	<u>\$ 1,206</u>

Q - Oversee @ Corp: On track for yr.

Non-Recurring Earnings

Third Quarter 2001

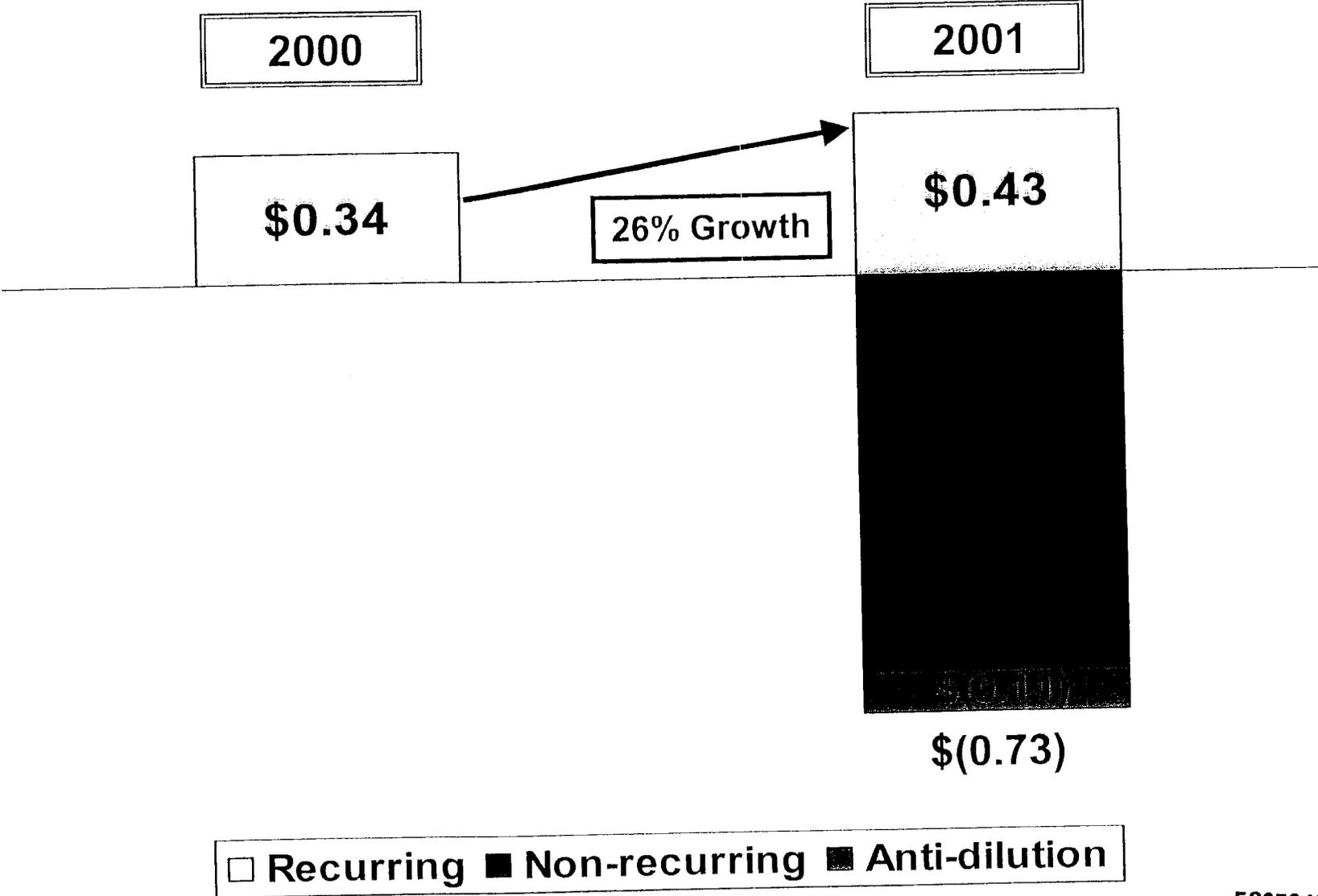
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Recurring Earnings	\$ 521	\$ 396	\$ 0.43
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Total Non-Recurring Items	(1,302)	(955)	(1.05)
Anti-dilution			(0.11)
Total Earnings	(\$781)	(\$559)	(\$0.73)

* Pending New Power market movement

EC37349A0030150

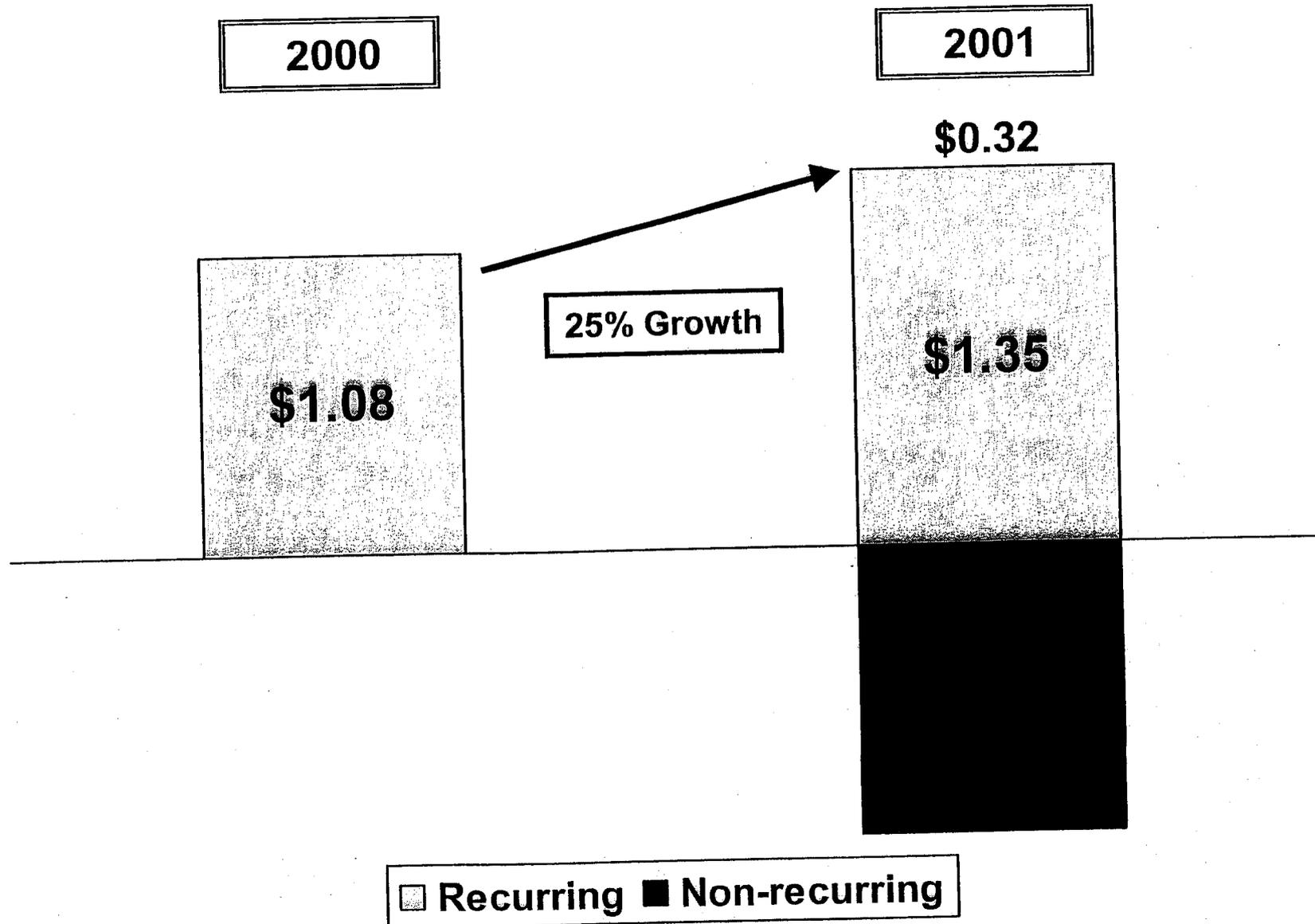
Earnings Per Share Third Quarter



EC37349A0030151

Earnings Per Share

Nine Months Ended September 30,



EC37349A0030152

Third Quarter - Recurring Earnings by Segment

(\$ in millions)

	<u>Third Quarter</u>		<u>Nine Months</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Enron Transportation Services	\$ 83	\$83	\$ 293	\$ 288
Portland General	(3)	74	122	241
Global Assets	16	26	34	140
Americas	646	548	2,567	1,134
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Interest, MI, & Income Tax	(380)	(375)	(1,158)	(981)
Recurring Net Income	<u>\$ 396</u>	<u>\$ 292</u>	<u>\$ 1,206</u>	<u>\$ 919</u>

① Tax UP
 more tax rate
 24% tax rate
 - Corp tax
 - Comp to test

EC37349A0030153

Balance Sheet Debt

(\$ in millions)

	2001			2000
	June YTD	3 rd Qtr Activity	Estimated Sept YTD	Sept YTD
Opening Debt Balance	\$ (10,229)		\$ (10,229)	\$ (8,152)
Funds Flow from Operations	1,804	461	2,265	288
Change in Working Capital *	(800)	(526)	(1,326)	(729)
Changes in Deposit / Margin Activity	(2,342)	(185)	(2,527)	541
Cash Flow from Operations	<u>\$ (1,338)</u>	<u>\$ (250)</u>	<u>\$ (1,588)</u>	<u>\$ 100</u>

Imp Trends

① Monetizing portfolios; Have cash track

② Rec'd 3.2 bil rate 100, sold short + some offset improved Funds Flow

③ W/c up due to active Sept. settlement collected early Oct.

* Excluding Deposit/Margin Activity

EC37349A0030154

Balance Sheet Debt

(\$ in millions)

	2001			2000
	June YTD	3rd Qtr Activity	Estimated Sept YTD	Sept YTD
Opening Debt Balance	\$ (10,229)		\$ (10,229)	\$ (8,152)
Cash Flow from Operations	(1,338)	(250)	(1,588)	100
Proceeds from Sales of Assets	1,423	224	1,647	222
Capital Expenditures	(1,200)	(414)	(1,614)	(1,549)
Equity Investments	(1,383)	(82)	(1,465)	(2,275)
Cash Used in Investing	<u>\$ (1,160)</u>	<u>\$ (272)</u>	<u>\$ (1,432)</u>	<u>\$ (3,602)</u>

① - P&S HPL
 ② Capex, Finance
 ③
 ④ 2.5
 ⑤ P&C, P/L
 ⑥ AZX buyback
 Salke Restructure

EC37349A0030155

Balance Sheet Debt

(\$ in millions)

	2001			2000
	<u>June YTD</u>	<u>3rd Qtr Activity</u>	<u>Estimated Sept YTD</u>	<u>Sept YTD</u>
Opening Debt Balance	\$ (10,229)		\$ (10,229)	\$ (8,152)
Cash Flow from Operations	(1,338)	(250)	(1,588)	100
Cash Used in Investing	(1,160)	(272)	(1,432)	(3,602)
Dividends	(256)	(143)	(399)	(396)
(Increase)/Decrease in Cash on Hand	528	495	1,023	(409)
Other	(357)	(124)	(481)	(1,322)
Period Activity	<u>(2,583)</u>	<u>(294)</u>	<u>(2,877)</u>	<u>(5,629)</u>
Period Ending Debt Balance	<u>\$ (12,812)</u>		^① <u>\$ (13,106)</u>	<u>\$ (13,781)</u>
Funds Flow / Interest	4.76		^② <u>4.21</u>	1.40

EC37349A0030156

Balance Sheet Debt

(\$ in millions)

	2001		
	Sept YTD	Full Year Estimate	Revised Plan
Opening Debt Balance	\$ (10,229)	\$ (10,229)	\$ (10,229)
Funds Flow from Operations	2,265	① 2,900	2,925
Change in Working Capital *	(1,326)	② (97)	(50)
Changes in Deposit / Margin Activity	(2,527)	③ (2,562)	(1,000)
Cash Flow from Operations	<u>\$ (1,588)</u>	④ <u>\$ 241</u>	<u>\$ 1,875</u>

Leaver
\$700 MM for 4Q

①
② Collect
All records = (50) + pt
③ Factory

④
Flat
Low, but in bed
at \$2.9 bil FF
affected by Dep

* Excluding Deposit/Margin Activity

Balance Sheet Debt

(\$ in millions)

	2001		
	<u>Sept YTD</u>	<u>Full Year Estimate</u>	<u>Revised Plan</u>
Opening Debt Balance	\$ (10,229)	\$ (10,229)	\$ (10,229)
Cash Flow from Operations	(1,588)	241	1,875
Cash Used in Investing	(1,432)	(1,455)	(1,599)
Dividends	(399)	(538)	(540)
(Increase)/Decrease in Cash on Hand	1,023	1,023	-
Other	(481)	(482)	(532)
Period Activity	<u>(2,877)</u>	<u>(1,211)</u>	<u>(796)</u>
Period Ending Debt Balance	<u>\$ (13,106)</u>	^① <u>\$ (11,440)</u>	<u>\$ (11,025)</u>
		<i>Slightly over Plan</i>	
Funds Flow / Interest	4.21	^② <u>4.02</u>	4.07

vs. 4x needed to maintain ratings

EC37349A0030159

Capital Deployed September 2001 Estimate

(\$ in millions)

	ETS	PGE	EGAS	Americas	Europe / Other	EBS	Retail	Corp & Other	Total
② Net Assets	2,677	2,550	5,738	12,399	2,144	698	1,103	(1,351)	25,958
③ <u>Allocated Debt</u> Min. Int., & Pref.	2,141	1,108	1,454	6,195	308	-	439	4,759	16,404
Equity Capital	536	1,442	4,284	6,204	1,836	698	664	(6,110)	9,554
④ Debt / Total Capital	80%	42%	13%	50%	13%	0%	40%		50%

① still refining

whole sum of parts

③ Assumed rate terms

Based on Debt/Cap for each business

⑥

EC37349A0030160

Capital Deployed

September 2001 Estimate

(\$ in millions)

	<u>ETS</u>	<u>PGE</u>	<u>EGAS</u>	<u>Americas</u>	<u>Europe / Other</u>	<u>EBS</u>	<u>Retail</u>	<u>Corp & Other</u>	<u>Total</u>
Equity Capital	536	1,442	4,284	6,204	1,836	698	664	(6,110)	9,554
Net Income	121	43	(10)	1,199	152	(137)	90	(252)	1,206
Return on Equity	30%	4%	-	26%	11%	-	18%	-	17%

① High

② Low other
EWA, but 1/2
relates to
FV of APL;
Goodwill of
Electro
\$ 3 billion total

④ Pge - \$1 - \$1.5 assets
what is rest? Causey - Mettel

⑤ Stan - Have not
reported any return
previous

⑥ Lay - High incremental
ROE

⑦ Plan ROE 18% w/o PG fse
17.7% repay do
19.1 50/50

③ had bottom line.

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Summary of Goodwill

(in millions)

Date Stamp
cut off

Reporting Units	June 30, 2001 Goodwill	Amounts Transferred	Proposed Write Off
Portland General	② \$ 1,408 (a)	\$ (900)	Remaining expenses on sales
Global Assets & Services			
Elektro	③ 583	(583)	Presence in S. Am. incremental + can be supported for test (FV > F)
Enron Global Power & Pipelines LLC	165	(165)	
Ecoelectrica	165 (a)		
Other	846		③ (89) Pen test
Industrial Markets – Pulp, Paper, & Steel	372		
Europe (MG Metals)	364		
Americas	45	1,648	
Enron Energy Services	④ 627		
Enron Broadband Services	55		(55)
Enron Wind	187	EC37349A0030162	
Azurix-Wessex	b 697 (b)	2 components	
Azurix-Other	213 (a)	1) Non Wessex - 30 write off 2) Wessex - confident con. support	
Total	① \$ 5,727 <i>consolidate</i>	\$ -	\$ (144) 10

(a) Amount considered in sales occurring prior to adoption of the standard (Q1 2002)

(b) Evaluation ongoing

Blake? Constraint of taking more write-offs [next slide]

Total Capital

(\$ in millions)

⑤ 431
 ① Andy - State of debt & equity items
 (dispose Dabhol) - Flexing up
 reduce flexibility
 ② Interested in maintaining flex
 ③ Wason - Flexibility certain into will be

	<u>Dec 2000</u>	<u>Estimated Sept 2001</u>	<u>Estimated Dec 2001</u>	<u>Proforma Sale of PGE & Goodwill</u>
Balance Sheet Debt	\$ 10,229	\$ 13,106	\$ 11,440	\$8,645
Minority Interest	2,414	2,395	2,395	2,395
Preferred Stock of Subs	904	903	903	873
Shareholders Equity	<u>11,470</u>	<u>9,554</u>	<u>9,836</u>	<u>9,692</u>
Total Capital	<u>\$ 25,017</u>	<u>\$ 25,958</u>	<u>\$24,573</u>	<u>\$21,605</u>
Debt / Total Capital	40.9%	50.5%	46.6%	40.0%

① Flexed up
 ② Incl. all adj.
 ③ Target - 44%

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Dir
8:30

Financial and Earnings Report

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8/11 resumed

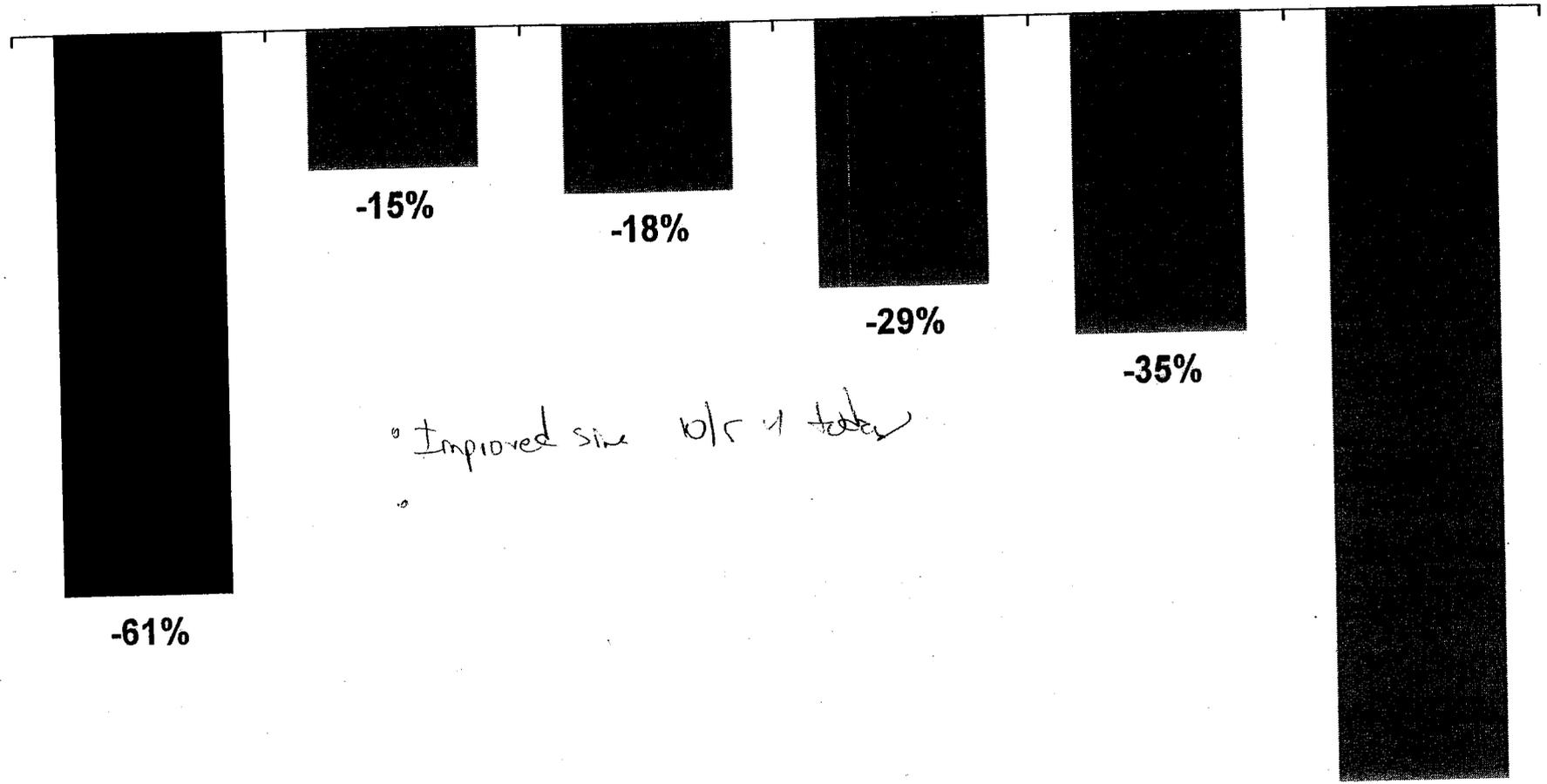


Investor Relations Report

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2001 YTD Total Return to Shareholder

(Through 10/5/01)



Improved since 10/5/01 total

①

Enron

DJIA

S&P 500

Energy Peers

②

NASDAQ

Broadband

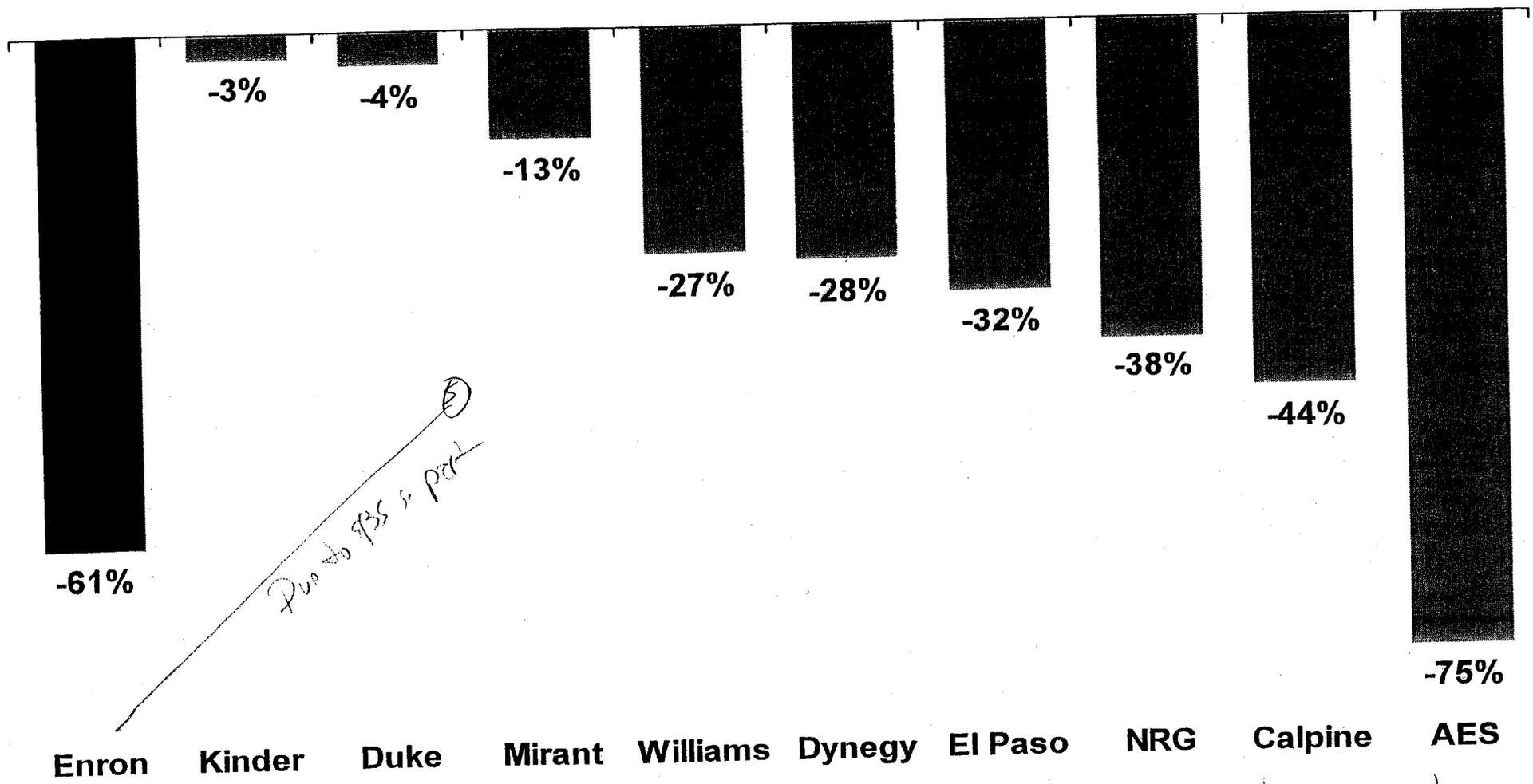
*Peers
(AKA
LWT
INAP
LWT)*

EC37349A0030166

④ ↓ 458 RPI } April
ILA } IPOs

Merchant Energy Peers 2001 YTD Total Return

(Through 10/5/01)



⑤
Due to PPS & part

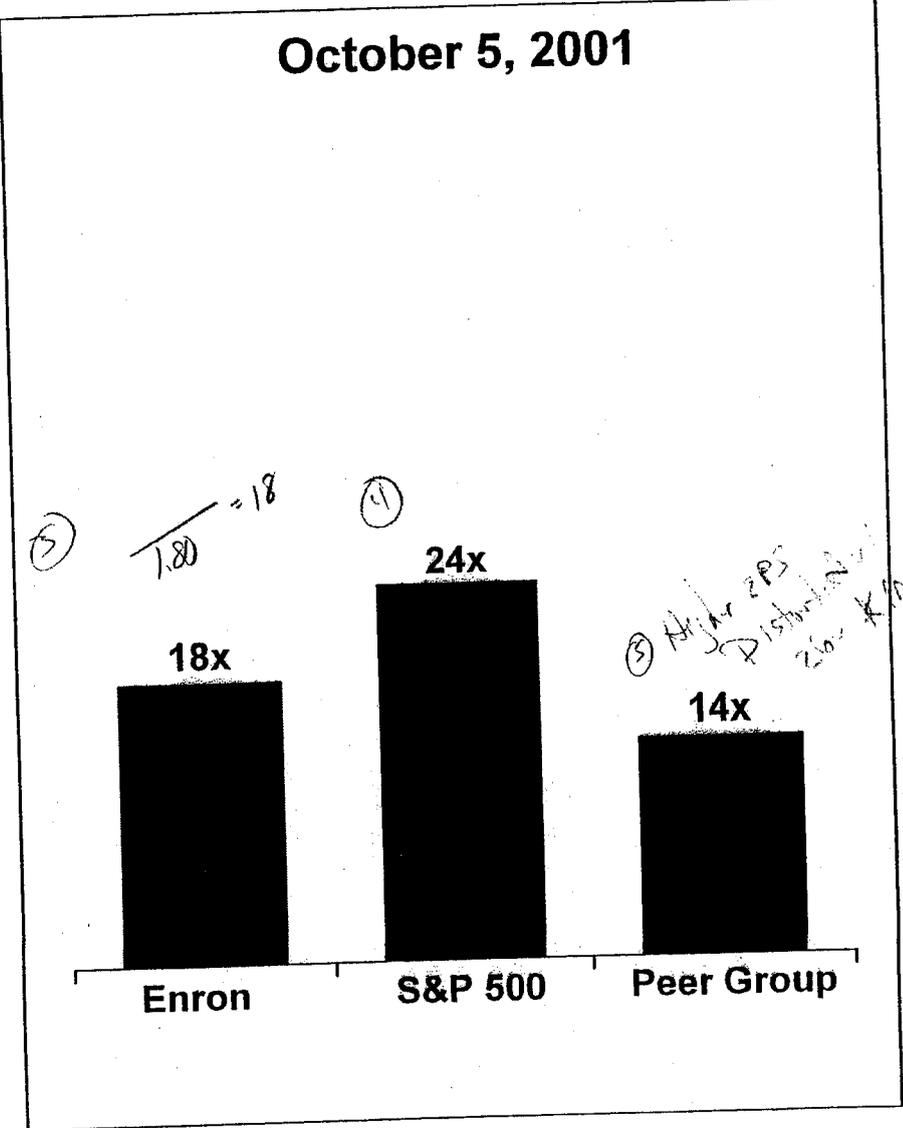
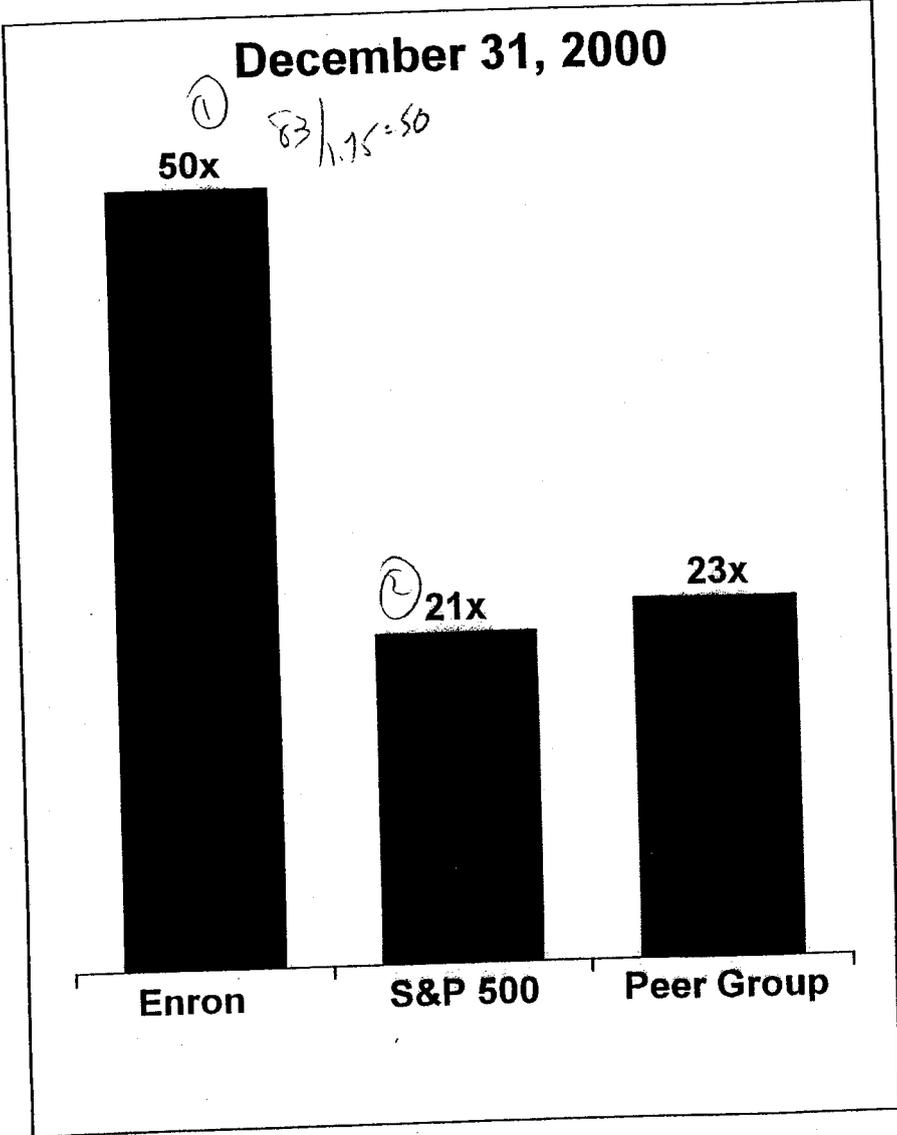
①
①
More utility-like

②
left
Brazel
Problem

EC37349A0030167

Relative Valuation

(P/E Ratio*)



*Based on 2001 EPS Estimates

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Largest Shareholders*

① 75% inst.

Name	Shares Held	Location	Change From 8/1/01
① Janus Capital Corporation	44,000,000	Denver	2,000,000
② Alliance Capital Management	35,000,000	New York/Minneapolis	13,000,000
Putnam Investment Management	24,500,000	Boston	(4,000,000)
Smith Barney Asset Management	16,000,000	New York	1,400,000
Northern Trust Global Investments	9,200,000	Chicago	-
Fidelity Management & Research	8,500,000	Boston	(4,500,000)
Government of Singapore Investment Corp	8,400,000	Singapore	(2,100,000)
AIM Management Group	8,000,000	Houston	(4,800,000)
Goldman Sachs Asset Management	7,700,000	New York	950,000
Rorer Asset Management	7,100,000	Philadelphia	-
Rittenhouse Financial Services	6,800,000	Philadelphia	1,900,000
Morgan Stanley Advisors	6,800,000	New York	700,000
Dresdner RCM Global Investors	6,700,000	San Francisco	-
American Express Financial Advisors	6,627,000	Minneapolis	277,000
MFS Investment Management	6,100,000	Boston	300,000
Deutsche Asset Mgmt. Group Ltd.	5,300,000	London	-
Credit Suisse First Boston Asset Management	4,800,000	New York	-
Oppenheimer Funds	4,700,000	New York	240,000
Banc of America Capital Management	4,507,186	St. Louis/New York	-

Jan 20 ↓ | Schoberl
Jan Rev ↓ | 17-18 ↑

Al Harris
Ret 980 → '20

*Excluding Index Funds

① ISM sh. short
② met w/ all major holders since Joff life

EC37349A0030169

Largest Potential Shareholders

*Ranked by Purch. Power -
Who could buy more WZ*

<u>Name</u>	<u>Location</u>	<u>Total Equity Assets (Millions)</u>	<u>Primary Investment Style</u>
Capital Research & Management	Los Angeles	\$224,000	Value
Wellington Management	Boston	157,000	Value
Oppenheimer Capital	New York	24,000	Value
J.P. Morgan Investment Management	New York	106,000	Growth
Fayez Sarofim	Houston	43,000	Growth
State Farm Insurance	Chicago	45,000	Growth
T. Rowe Price	Baltimore	85,000	Growth
Davis Funds	New York	40,000	Growth
Barrow Hanley	Dallas	30,000	Value

*\$ 750 bl
total assets*

*2.5 MPA shares
FIN owned*

- P ins - home net A,

*- U of Cal, Bank One, Invesco -
ashco*

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Analyst Recommendations

[REDACTED]

A.G. Edwards
Bank of America Montgomery Securities
Bear Stearns
Bernstein
CIBC Oppenheimer
Commerzbank Securities
CS First Boston
Dain Rauscher Wessels
Edward Jones
First Albany
Goldman Sachs
Howard Weil
J.P. Morgan
Lehman Brothers
Merrill Lynch
Prudential Securities
Salomon Smith Barney
Sanders Morris
Simmons & Co.
U.B.S, Warburg

[REDACTED]

Mike Heim
Will Maze
Robert Winters
Duane Grubert
Bill Hyler
Andre Meade
Curt Launer
Mark Easterbrook
Zach Wagner
Bob Christensen
David Fleischer
Rebecca Followill
Anatol Feygin
Richard Gross
Donato Eassey
Carol Coale
Ray Niles
John Olson
Jeff Dietert
Ron Barone

[REDACTED]

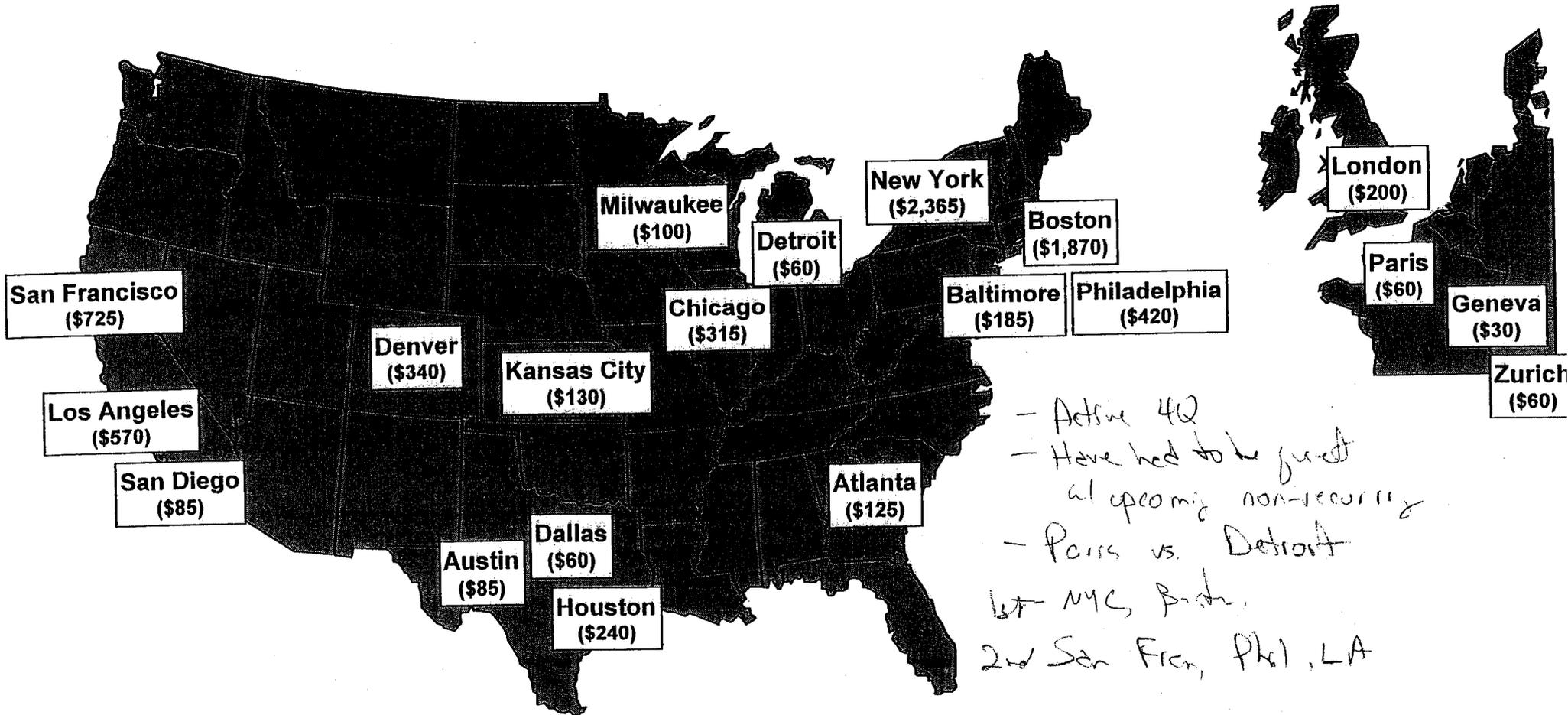
Buy
Strong Buy
Attractive
Buy
Buy
Accumulate
Strong Buy
Strong Buy
Buy
Strong Buy
Buy
Buy
Buy
Strong Buy
Buy
Buy
Buy
Strong Buy
Attractive
Strong Buy

- ASD vs target price

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Investor Relations

Planned Fourth Quarter Meetings*



Meetings Will Cover All Major Existing Shareholders, Largest Potential Holders, and All Sell Side Analysts

Amounts Indicates Total U.S. Equities Under Management (in Billions).

EC37349A0030172

Current Investor Concerns

① Improved times

- ② ● **Cash Flow From Operations** PM's pull up 100;
Don't have time to deal w/ concerns
- ③ ● **Earnings Composition and Disclosure** - Rev → IBBY great 1st city
- Net I/E/ROE
- ④ ● **Balance Sheet Strength and Liquidity** Investors know goodwill
- ⑤ ● **Progress on Asset Sales** - Set high goal last yr.
- Investors expect
- ⑥ ● **Effects of Lower Natural Gas and Power Prices, and Lower Volatility**
- **Financing Vehicles and Potential Equity Issuance Requirements** (Whitney, Raptors disclosed; difficult to understand disclosure)

- **California** } 1st & 2nd last time;
Calif. tax better w/ PGE/S&P announcement
- **India**

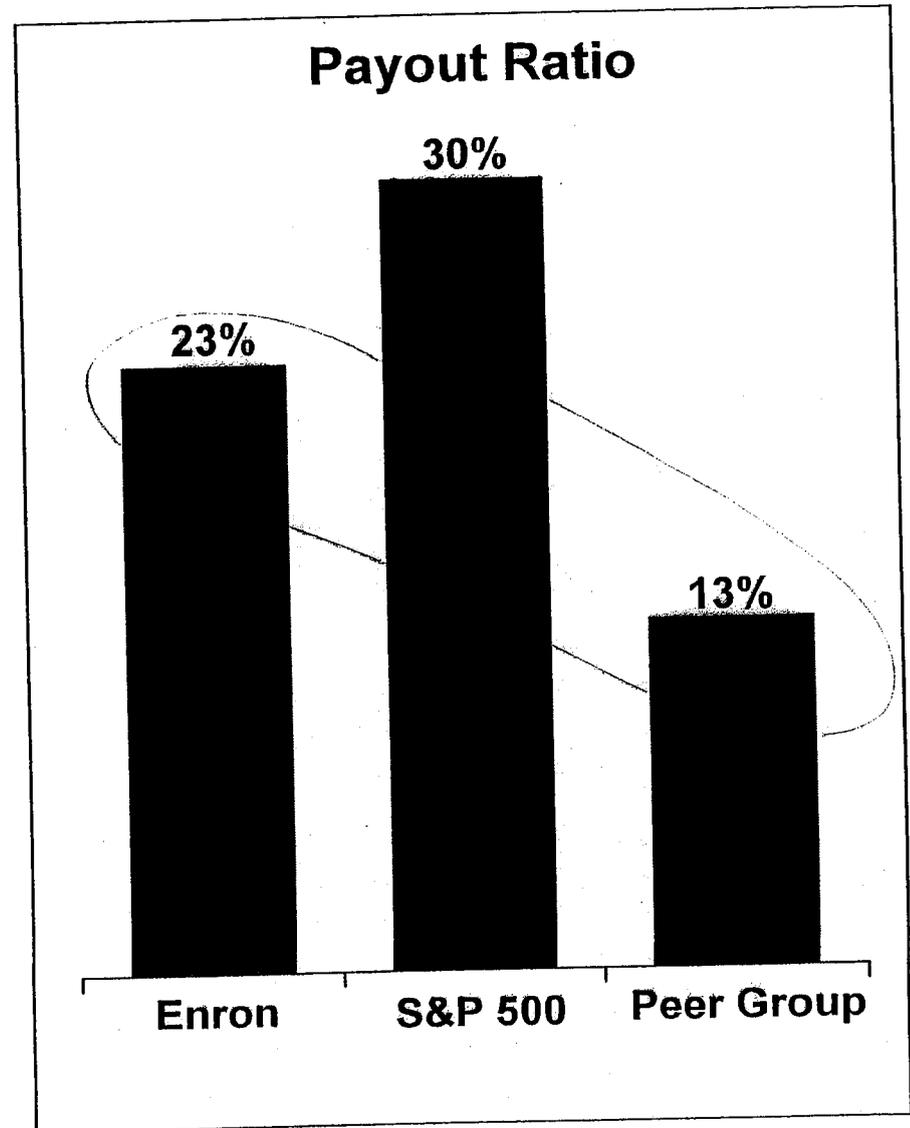
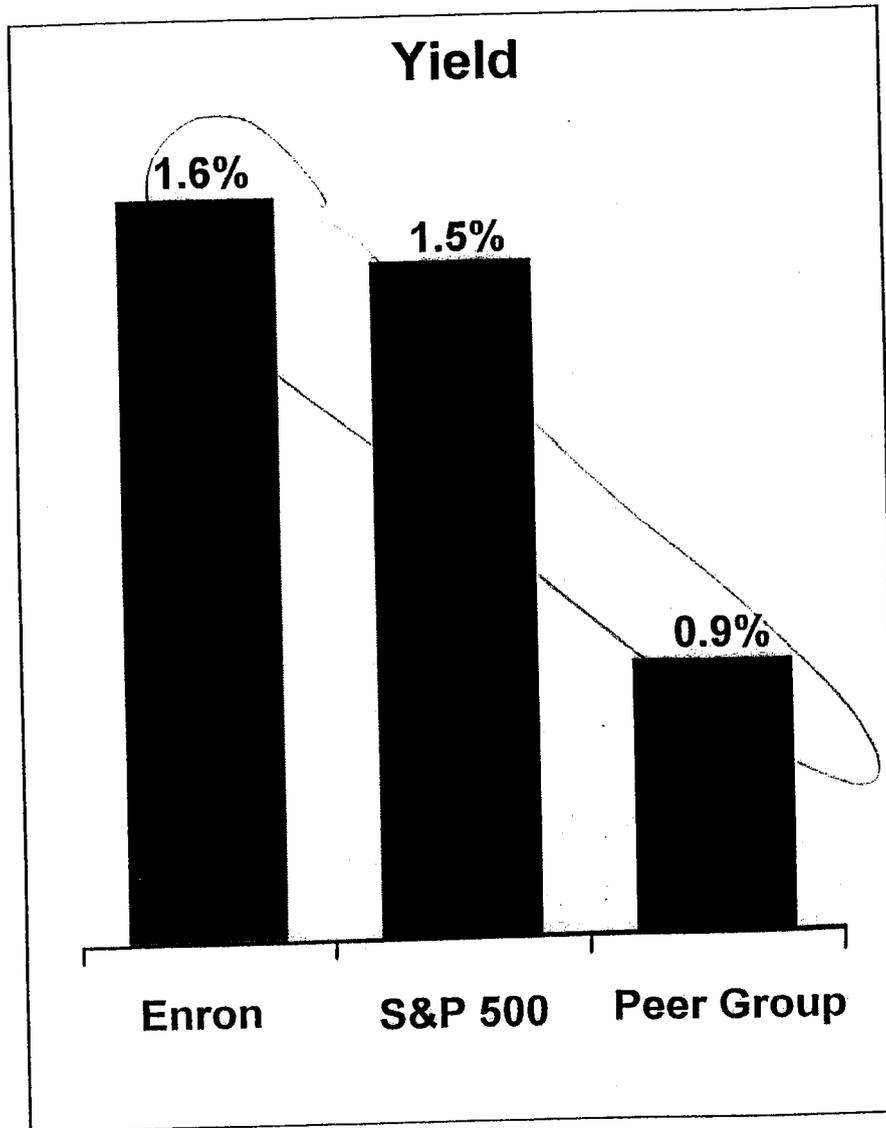
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Enron Common Stock Dividend

- ① ● Currently \$0.50 Per Common Share
- Dividend on Convertible Preferred Tied to Common Share Dividend
- ② ● Total Annual Cash Payment (Including Convertible Preferred) is Approximately \$400 Million
*750 MM basic
40 Conv & pref
790 x 50¢ = \$400*
- ③ ● No Increase Since October 1998
- ④ ● Current Yield is 1.6% - Current Payout is 23%

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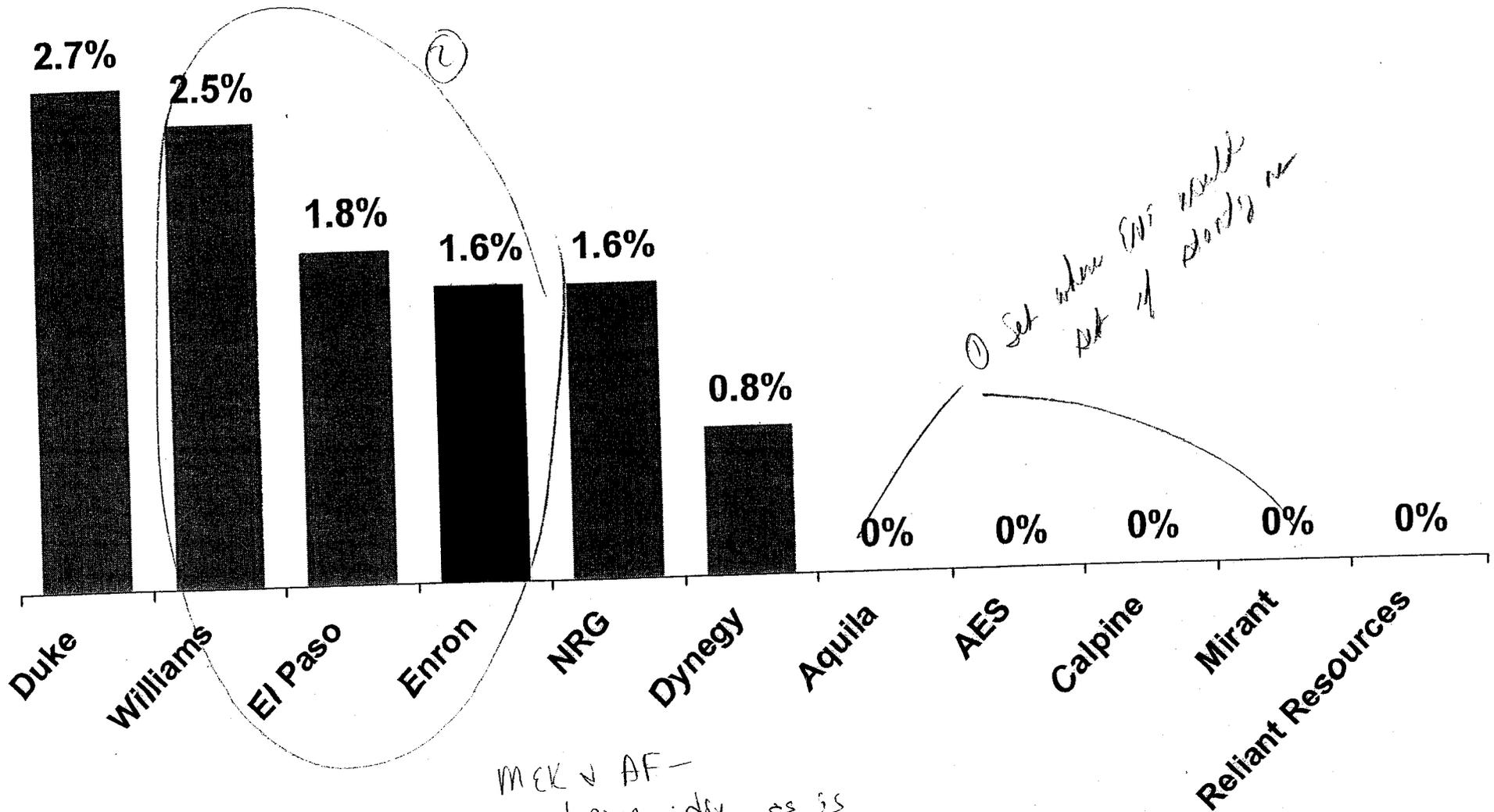
Common Stock Dividend



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Common Stock Dividend Yields

Energy Peer Group

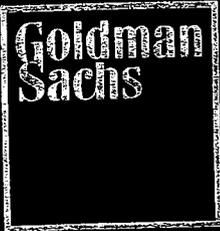


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Investor Relations Report

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V&E

Presentation to Truman

Goldman, Sachs & Co.
Vinson & Elkins L.L.P.
09-Oct-2001

EC37349A0030358



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Table of Contents

- I. Merger Market Overview
 - II. How Vulnerable is Truman?
 - III. Anti-Raid Preparation
- Appendix A: Expanded Structural Defense Discussion

Goldman Sachs does not provide accounting, tax or legal advice. In addition, we mutually agree that, subject to applicable law, you may disclose any aspects of any potential transaction or structure described herein that are necessary to support any U.S. federal income tax benefits with no limitations imposed by Goldman Sachs.

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I. Merger Market Overview

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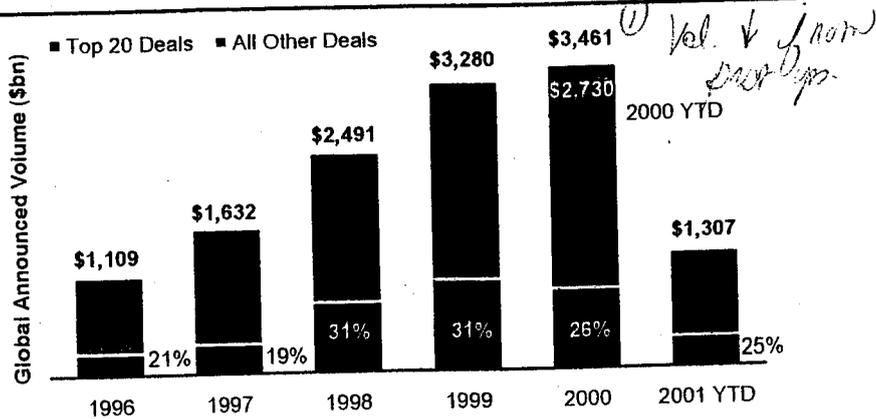
Merger Market Overview

2001 YTD Highlights

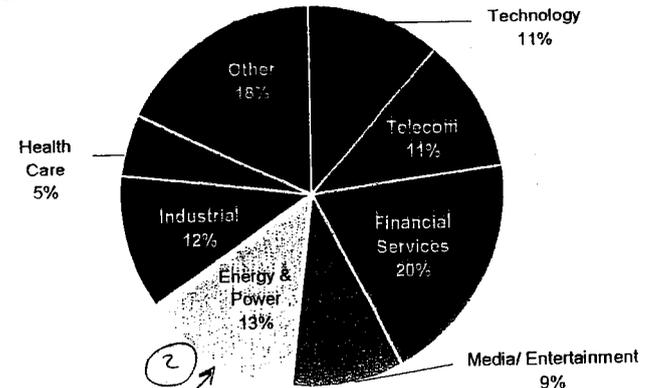
Scott

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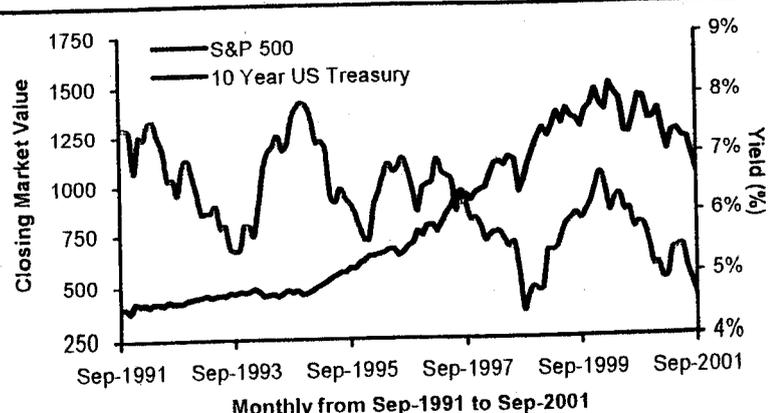
Global M&A Volume



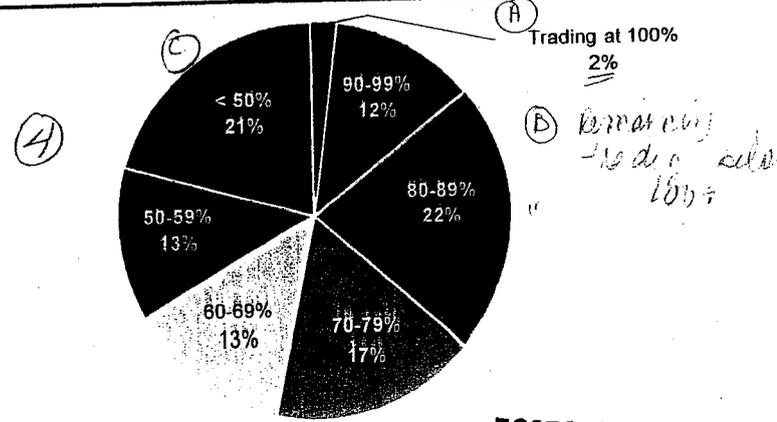
M&A Volume by Industry Sector



Interest Rate and Equity Market Performance



S&P 500 Companies Compared to 52-Week Highs¹



EC37349A0030362

¹ As of September 30.

*Int. rates ↓ to fuel M&A
will likely remain low &
fuel hostile M&A*



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Hostile / Unsolicited Initiatives

Scott

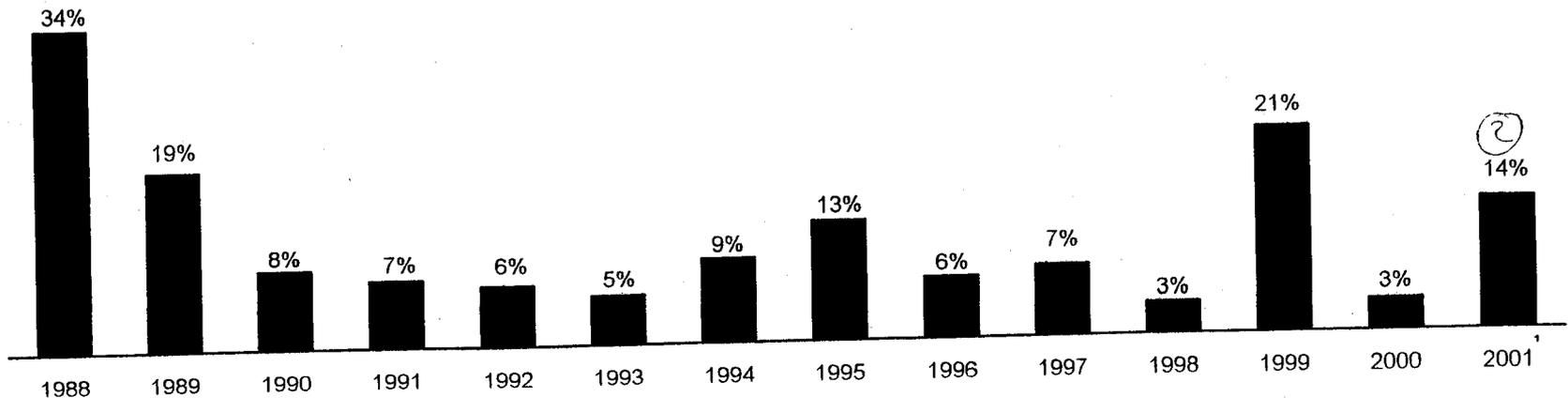
- There is a resurgence in hostile activity — not all hostile activity becomes public ^③
- Structural and other defenses are not stopping raiders
 - Strong structural defenses do enable tactical responses
- Size and intellectual capital are no longer defenses in themselves
- Generally, only 1 out of 3 companies that are raided stay independent ^④

*1980's
LBO's
1990's
Blue chip corp
initial
Hostile takeover
managed
Scope broadened
④ Friendly sales after
friendly V connected
- Bear has little to sell;
enemies to BOD to
buy*

*⑤ Hostile approach after leads, more to restructuring /
more active*

① Larry bull

Global Hostile / Unsolicited Activity



Source: Thomson Financial Securities Data

¹ Through 30-Sep-2001.

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Howard Schille
+
Scott Wulfe

III. Anti-Raid Preparation

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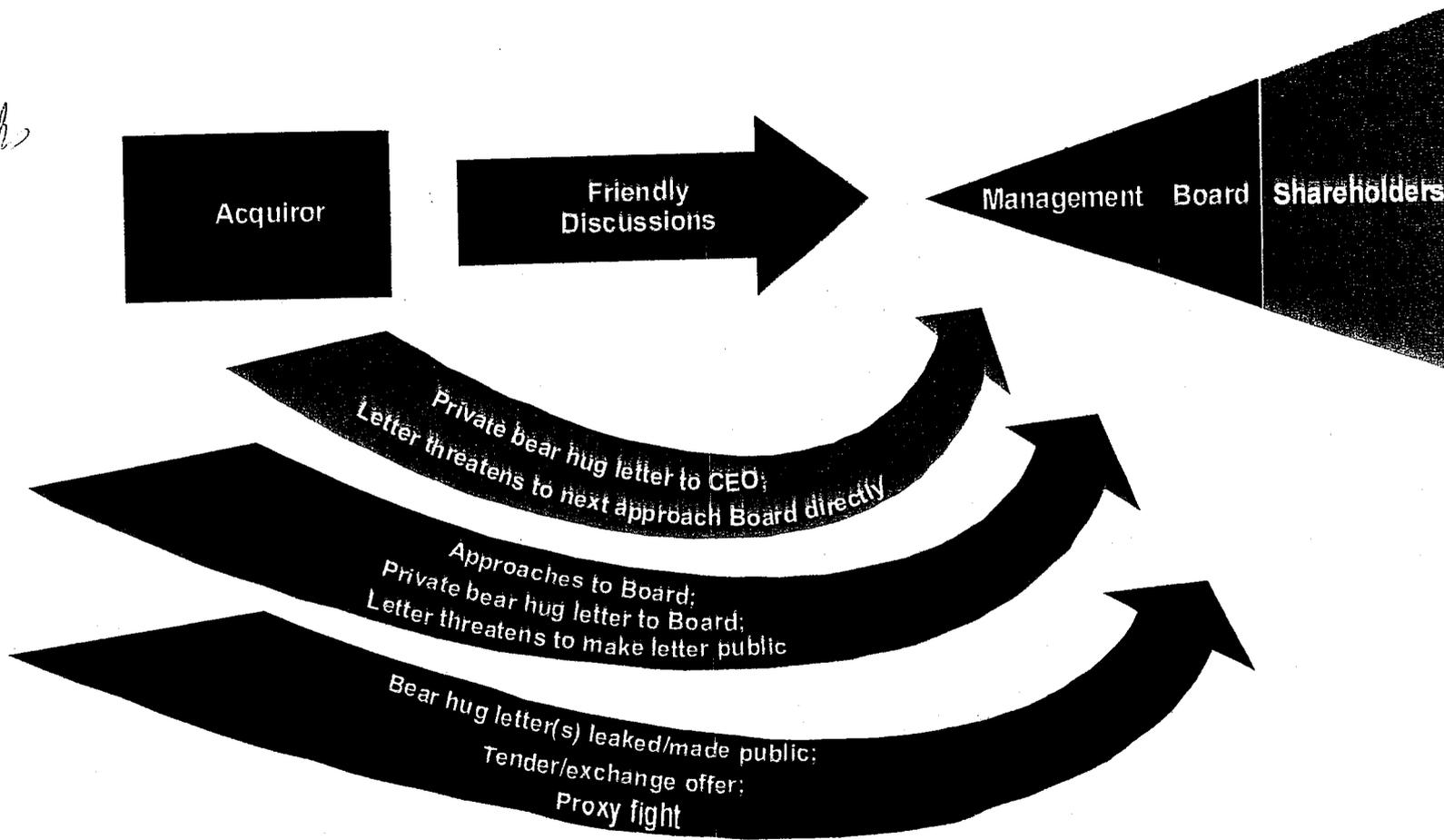


Potential Approaches of an Unsolicited Acquiror

Howard

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Hostile actions take many forms.



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Review of Structural Defenses

Scott W.
Horn
Jr

V&E

Currently in Place

- ② ■ Federal and Oregon Utility Regulatory Constraints - will be eliminated w/ POE sale.
- Effective Elimination of Shareholder Ability to Act by Written Consent *Repealed statute; Unanimous vote consent req'd for EMOA*
- Advance Notice Requirements for Shareholder Proposals and Notifications *Very strict. 4 mo. advance notice req'd. Co. would consider w/ ability to call*
- Oregon Other Constituency Statute *Repealed Oregon) Controls req'd for adoption of stat. w/ 1 mo. notice.*
- Fair Price Charter Provision
- Oregon Business Combination Statute (Comparable to Delaware §203)
- Blank Check Preferred Stock
- Denial of Cumulative Voting
- Hostile Change of Control Provisions in Employee Benefit Plans

Other Possible Defenses

- Shareholder Rights Plan
- Staggered Board
- Prohibit Removal of Directors without Cause
- Strengthen Cap On Size of the Board
- Deny Shareholders the Right to Call Special Meetings (only after reincorporation)
- Reincorporate

① Summary of
 - Tools in place or readily avail for uncontrolled sale & for ABC-style bid
 - Greatest vul. (Common) in ability to say no
 A) s/p could force mtg. to Board
 - Strength of Oregon

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Anti-Raid Preparation 12

B) Most common: co. could take over w/ just 1 mtg. (lack of staggered board)

Strengthening Structural Defenses

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①

- Shareholder Rights Plan "Poison Pill"
 - Can be adopted by Board on short notice
 - Does not require shareholder approval
 - Consider having it "on the shelf"; Perhaps present to the BoD, create strong record - hard to pass
- Limit/eliminate ability for shareholders to call a special meeting
 - Not possible to limit under Oregon law but can indirectly achieve goal by director removal and board size provisions
 - Default provision under Delaware law
- Staggered Board - *My lightning rod for inaction*
 - Difficult to implement due to shareholder sensitivity
 - Many peers don't have a staggered Board
 - As a result of shareholders' ability to call a special meeting Truman is more vulnerable than peers - and effectively vulnerable at all times during the year

*Not advised favorably by ind. counsel
Adoptive*

*30
found -
provide ability
to say no
if not ok
(Barrett, Weyhant)*

②

Reincorporate in Delaware

- ✓ ■ In conjunction with PGE transaction
- Consider approving reincorporation at next annual shareholders meeting subject to closing PGE or PUHCA exemption
- ✓ ■ No ability for shareholders to call special meeting under law unless specially provided for
- ✓ ■ Consider staggered Board as part of reincorporation
 - Very effective tool

Stay Incorporated in Oregon

- Consider two charter amendments
 - Eliminate ability of shareholders to remove directors without cause or to increase board size
 - Staggered Board

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*- Strongly disfavored by courts
- Rec. Enron not plan staggered Bd now
but resist, perhaps in PGE sale (pendent abn on SEC approval)*



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Potential Acquirers of Truman

*Howard - Enron not real sustainable.
- Those who are not likely focused on strategy for
- Those interested in strategy, not value.*

(US\$ in millions, except per share amounts)

Company	Equity Value ¹	Enterprise Value ¹	Calendarized P/E Multiples ²	
			2002	Debt to Cap.
Truman	\$26,247	\$42,510	15.6x	53.1%
Strategic Interest				
General Electric	\$379,582	\$577,231	23.7x	77.8%
Exxon Mobil	273,744	275,625	18.6	13.3
Royal Dutch/Shell	190,395	190,919	15.4	10.6
BP Amoco	182,641	237,914	16.0	42.4
AIG	183,466	228,998	22.9	53.3
El Paso	23,920	41,286	12.3	59.6
Possible, but Unlikely Strategic Interest				
Total	\$99,706	\$110,394	13.4x	32.7%
Tyco	90,502	144,555	13.7	64.1
Chevron/Texaco	91,275	104,896	16.2	30.3
ENI	50,047	60,605	10.3	31.4
E.ON	42,011	47,248	17.9	32.8
Suez	34,847	71,002	18.9	61.4
Duke	30,882	46,875	14.1	50.4
RWE	22,677	51,113	18.2	72.3
Repsol	17,382	39,753	8.9	52.8

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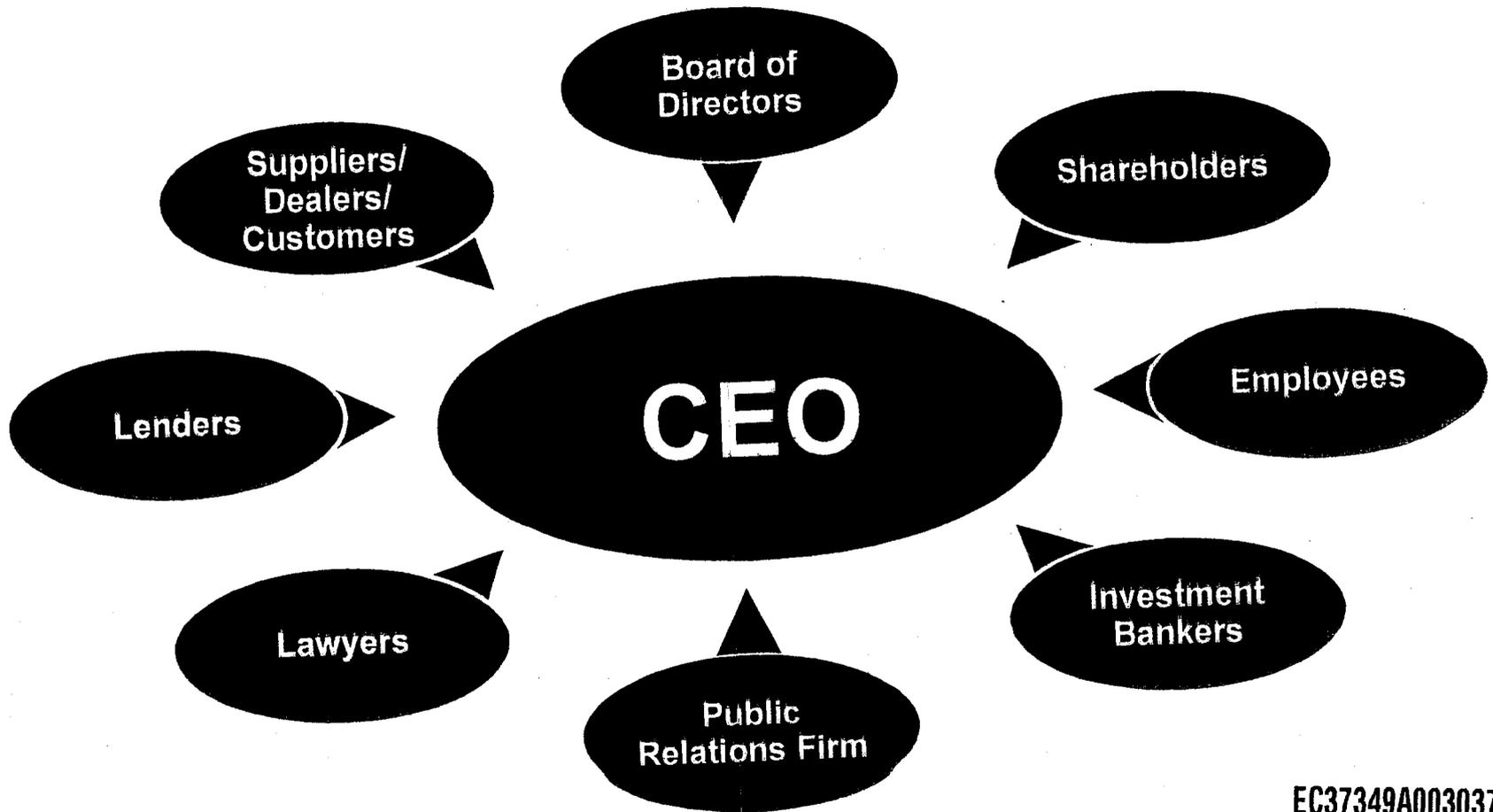
¹ Source: Latest publicly available financial statements. Equity value based on fully diluted shares outstanding and closing stock prices on October 3, 2001.
² Source: IBES median estimates unless otherwise noted.



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What to do if Someone Makes an Approach

Handwritten note:
Hand - approaches come in many forms
- all work should come to 1 party



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Are You Prepared?

Howard

- Most battles are won or lost before they are fought — Preparation is the key *More fact; 10 days to meet.*
 - Identify your Team
 - Know who your shareholders are
 - Review your financial and strategic plan
 - Continue to evaluate options that drive shareholder value
 - Plan your response to an unexpected approach

- Strengthen structural defenses
 - Ready Shareholders' Rights Plan *GS & V&E agree*
 - Address ability to call special meeting/removal of directors *- Guid to corp*
 - Leave board configuration as is (no staggered board)

Missing 376

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Appendix A: Expanded Structural Defense Discussion

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Structural Defenses in Place

Federal and Oregon Utility Regulatory Constraints

- **Description** Because of Truman's ownership of PGE, under the Public Utility Holding Company Act of 1935 (PUHCA), the Federal Power Act and Oregon law, an acquisition of Truman would require prior approval by the Federal Energy Regulatory Commission and the Oregon Public Utility Commission and, for many potential buyers, the Securities and Exchange Commission. In addition, PUHCA would impose substantial restrictions on some potential acquirers.

- **Effect** As long as Truman owns PGE, (1) an acquisition of Truman (more than 10% of Truman voting stock) will be slowed considerably by the required regulatory approval process; (2) potential acquirers already owning a U.S. gas or electric utility may have difficulty satisfying PUHCA regulatory requirements; and (3) U.S. or foreign energy companies without a U.S. gas or electric utility would be best situated to avoid PUHCA regulation. However, these approval requirements would not necessarily prevent or delay a proxy fight to replace the Truman Board as an initial step in a hostile acquisition attempt.

Effective Elimination of Shareholder Ability to Act by Action by Written Consent

- **Description** Prohibits actions by written consent other than by unanimous consent.

- **Effect** Prevents acquiror from bypassing stockholder meetings as a forum for shareholder action.

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Structural Defenses in Place

(Continued)

Advance Notice for Director Nominations and Shareholder Proposals

- **Description** Requires advance notice before shareholder can present director nominations or proposals at shareholder meetings. With respect to an annual meeting, shareholder's notice must be received not less than 120 days prior to an anniversary date of the proxy statement for the previous year's annual meeting. With respect to a special meeting, shareholder's notice must be received not later than 10 days after the date on which the notice of the meeting was mailed.
- **Effect** Prevents surprise nominations and solicitations for shareholder proposals at an annual meeting.

Oregon "Other Constituency" Statute

- **Description** Statutory provision that authorizes the Board, in evaluating a potential acquisition, to consider a range of social, legal and economic effects on employees and other constituencies, as well as both the long-term and short-term interests of the corporation and its shareholders, including that these interests may be best served by the continued independence of the corporation.
- **Effect** May enhance the Board's ability to "just say no" to a potential acquisition or to choose among competing bidders.

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Structural Defenses in Place

(Continued)

Fair Price Charter Provision

- **Description** Any business combination with a 10% + shareholder must be approved by at least 80% of Truman's voting stock unless (i) the transaction is approved by at least 80% of Continuing Directors who constitute a majority of the Board (ii) certain fair price and procedural requirements are met or (iii) the transaction occurs more than 5 years after last acquisition of stock by the 10% + stockholder.
- **Effect** Discourages two-tiered offers.

Oregon Business Combination Statute

- **Description** A corporation generally may not engage in a business combination with an interested stockholder (owner of 15% or more of Truman voting stock) unless (i) the Board approved the transaction which resulted in the shareholder becoming an interested shareholder, (ii) upon the consummation of such transaction, the interested shareholder owned at least 85% of the outstanding voting stock (excluding certain insider holdings), (iii) the business combination is subsequently approved by the Board and holders of 2/3 of disinterested voting stock or (iv) business combination occurs more than 3 years following the date the shareholder became an interested shareholder. (Substantially similar to Delaware General Corporation Law §203).
- **Effect** Discourages hostile tender offers which bypass the Board, do not obtain a high stockholder tender percentage and which are dependent upon quick access to the target's assets for financing or other purposes.

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Structural Defenses in Place

(Continued)

Blank Check Preferred Stock

- **Description** Authorization in Charter for Preferred Stock with terms set by Board without shareholder action.
- **Effect** Gives the Board the flexibility to raise capital, issue stock to a white squire, effect a defensive recapitalization or otherwise respond to a hostile bid.

Denial of Cumulative Voting

- **Description** Prohibits shareholders from cumulating their votes, which reduces the number of shares required to obtain individual Board seats.
- **Effect** Prevents minority shareholders from obtaining Board seats.

Hostile Change of Control Provisions in Employee Benefit Plans

- **Description** Stock option plans generally provide for automatic acceleration of vesting and a cash-out in the event of a change of control that is not approved by the Board.
- **Effect** May encourage a potential acquiror to negotiate with the Board rather than pursue a proxy fight in order to preserve existing employee incentives and minimize acquisition costs.

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Possible Additional Structural Defenses

Shareholder Rights Plan

■ Description

Plan providing for a distribution of stock purchase rights to all holders of common stock, which rights have nominal value and are not exercisable until triggered. Rights are triggered if a potential raider acquires a significant percentage (10-20%) of the Company's voting stock, unless the Board redeems or nullifies the rights. If triggered, the rights allow each shareholder other than the acquiror to acquire a significant number of shares of common stock at a substantial discount to the current market value, causing extreme dilution to the acquiror.

■ Effect

Effectively prevents an acquisition of a significant block of stock without Board approval.

■ Process

Can be adopted by the Board without shareholder approval.

Staggered Board

■ Description

Divides the Board into three classes elected for staggered three year terms, so that only one-third of the Board is up for reelection at each annual meeting.

■ Effect

If coupled with director removal protection, effectively requires an acquiror to wait two years before it can obtain a majority of the Board through proxy contests.

■ Process

Under Oregon law, the board could be classified without shareholder approval, but shareholder approval of a charter amendment would be required to prohibit removal of Board members without cause.

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Possible Additional Structural Defenses

(Continued)

Prohibit Removal of Directors Without Cause

- **Description** Change the default provision in Oregon, which permits the shareholders to remove directors without cause at any meeting called for that purpose (by a majority of votes cast if a quorum is present).
- **Effect** Would eliminate right of shareholders to call special meeting and remove and replace the Board and, if coupled with a staggered board, would effectively prevent an acquiror from taking control of the Board in a single proxy contest.
- **Process** Would require shareholder approval of a charter amendment (by a majority of votes cast if a quorum is present).

Strengthen Cap on Size of Board

- **Description** Charter amendment to limit the maximum size of the Board in a way that cannot be changed without Board approval.
- **Effect** Prevents an acquiror from "packing" the Board to circumvent director removal protections.
- **Process** Would require shareholder approval of a charter amendment (by a majority of votes cast if a quorum is present).

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Possible Additional Structural Defenses

(Continued)

Deny Shareholders the Right to Call Special Meetings

- **Description** Change the current ability of 10% shareholders to force a special meeting.
- **Effect** Limits any shareholder proxy activities to the annual meeting.
- **Process** Not possible under Oregon law, but would be the default provision under Delaware law.

Reincorporate

- **Description** Merge Truman into another corporation domiciled in another jurisdiction such as Delaware.
- **Effect** Although Oregon may have certain advantages over Delaware from a structural defense perspective (Oregon Other Constituency Provision), reincorporation into Delaware may provide a better opportunity to eliminate shareholder right to call a special meeting and possibly implement staggered board.
- **Process** Shareholder approval of a merger would be required (by a majority of outstanding voting stock). If PGE then owned, would have to address PUHCA issues.

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Goldman Sachs

Draft



V&E

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* Lead

Presentation to Truman

Goldman, Sachs & Co.
Vinson & Elkins L.L.P.
09-Oct-2001

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Table of Contents

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- I. Merger Market Overview
- II. How Vulnerable is Truman?
- III. Anti-Raid Preparation

Appendix A: Expanded Structural Defense Discussion

Goldman Sachs does not provide accounting, tax or legal advice. In addition, we mutually agree that, subject to applicable law, you may disclose any aspects of any potential transaction or structure described herein that are necessary to support any U.S. federal income tax benefits with no limitations imposed by Goldman Sachs.

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I. Merger Market Overview

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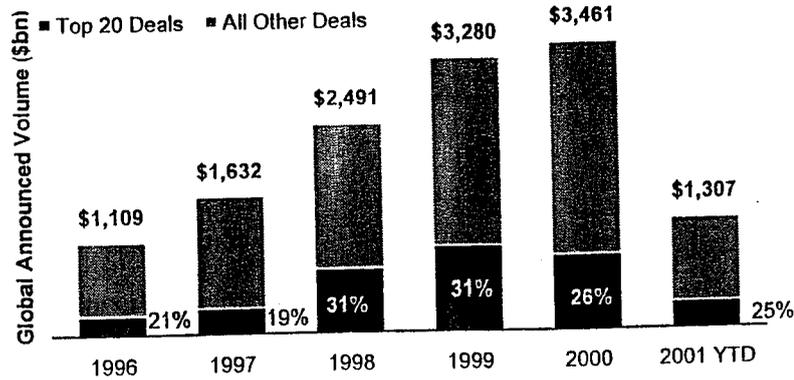


Merger Market Overview

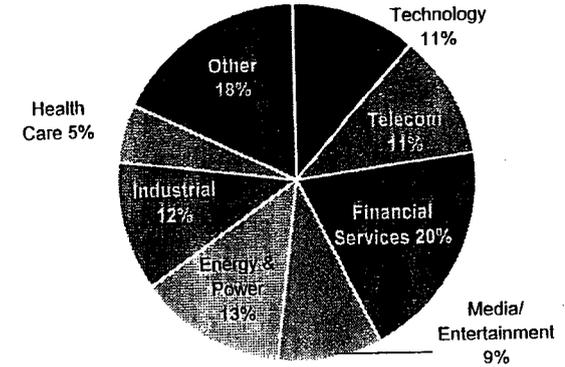
2001 YTD Highlights



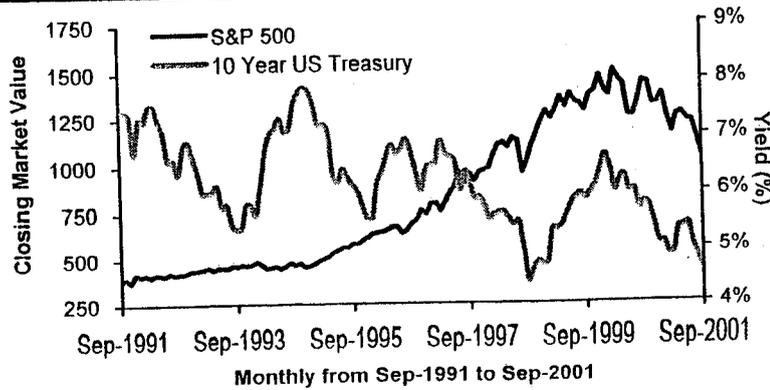
Global M&A Volume



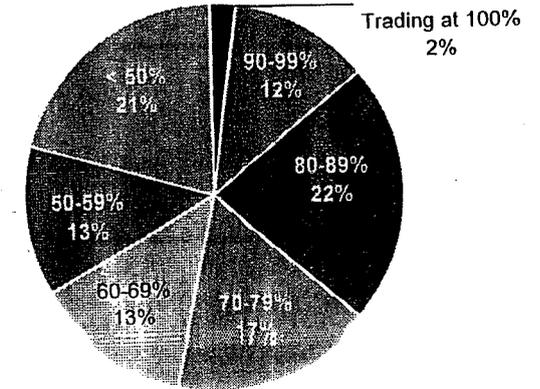
M&A Volume by Industry Sector



Interest Rate and Equity Market Performance

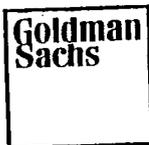


S&P 500 Companies Compared to 52-Week Highs¹



¹ As of September 30.

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Hostile / Unsolicited Initiatives

- There is a resurgence in hostile activity — not all hostile activity becomes public
- Structural and other defenses are not stopping raiders
 - Strong structural defenses do enable tactical responses
- Size and Intellectual Capital are no longer defenses in themselves
- Generally, only 1 out of 3 companies that are raided stay independent

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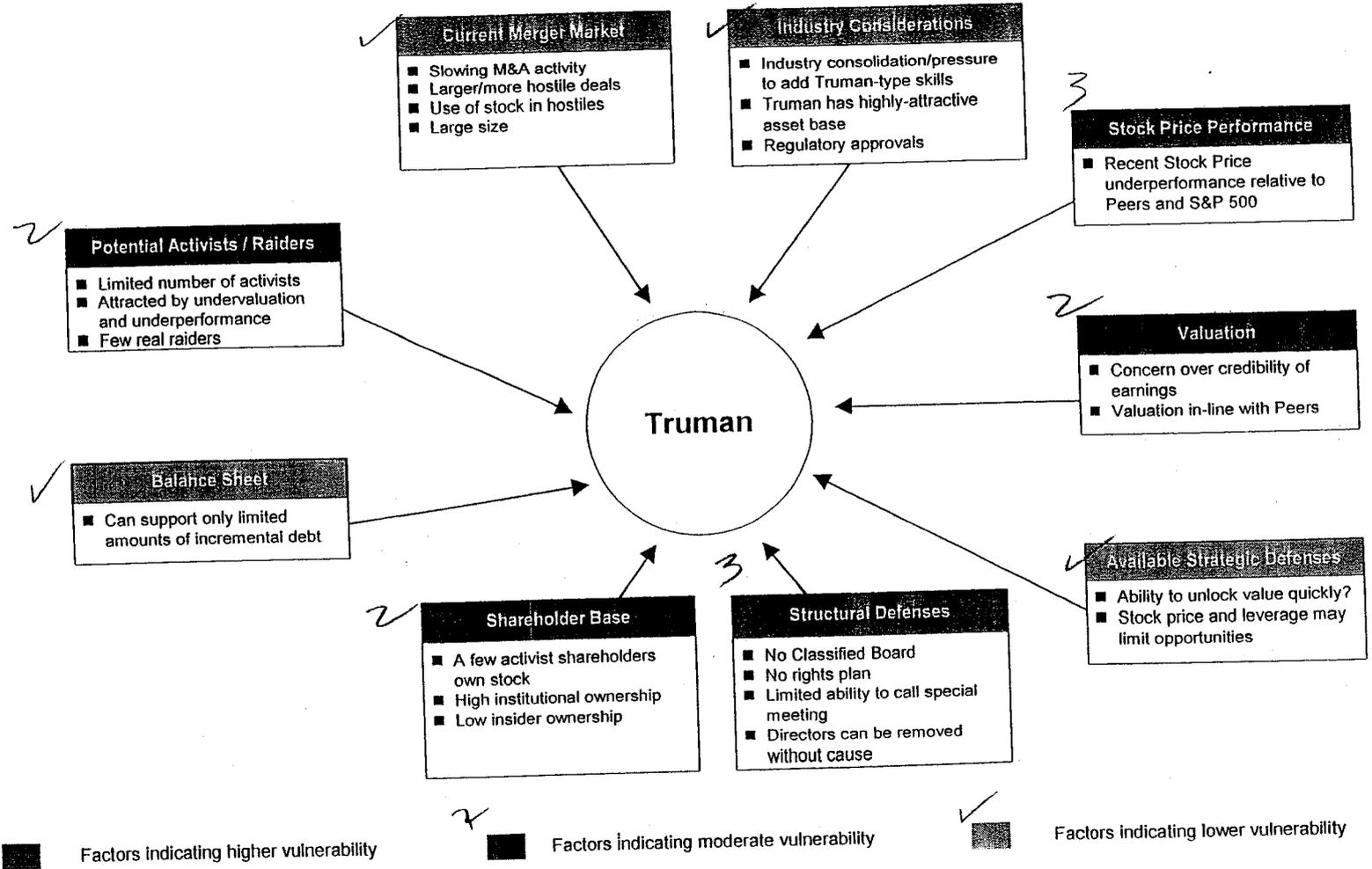
II. How Vulnerable is Truman?

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Is Truman Vulnerable?

Factors Affecting Vulnerability

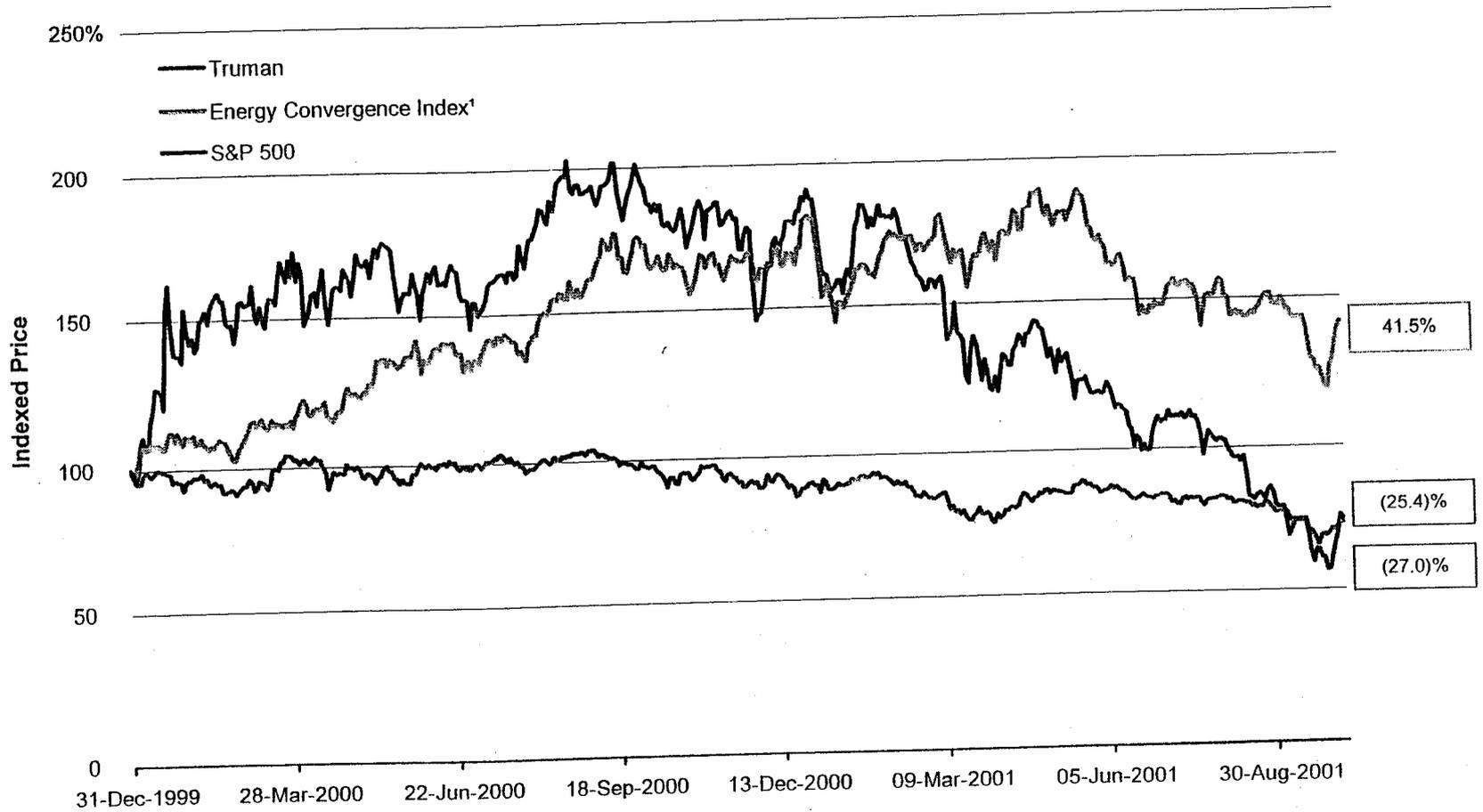


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Truman's Relative Stock Price Performance

Indexed Common Stock Price History Since January 1, 2000



Daily from 1-Jan-2000 to 4-Oct-2001

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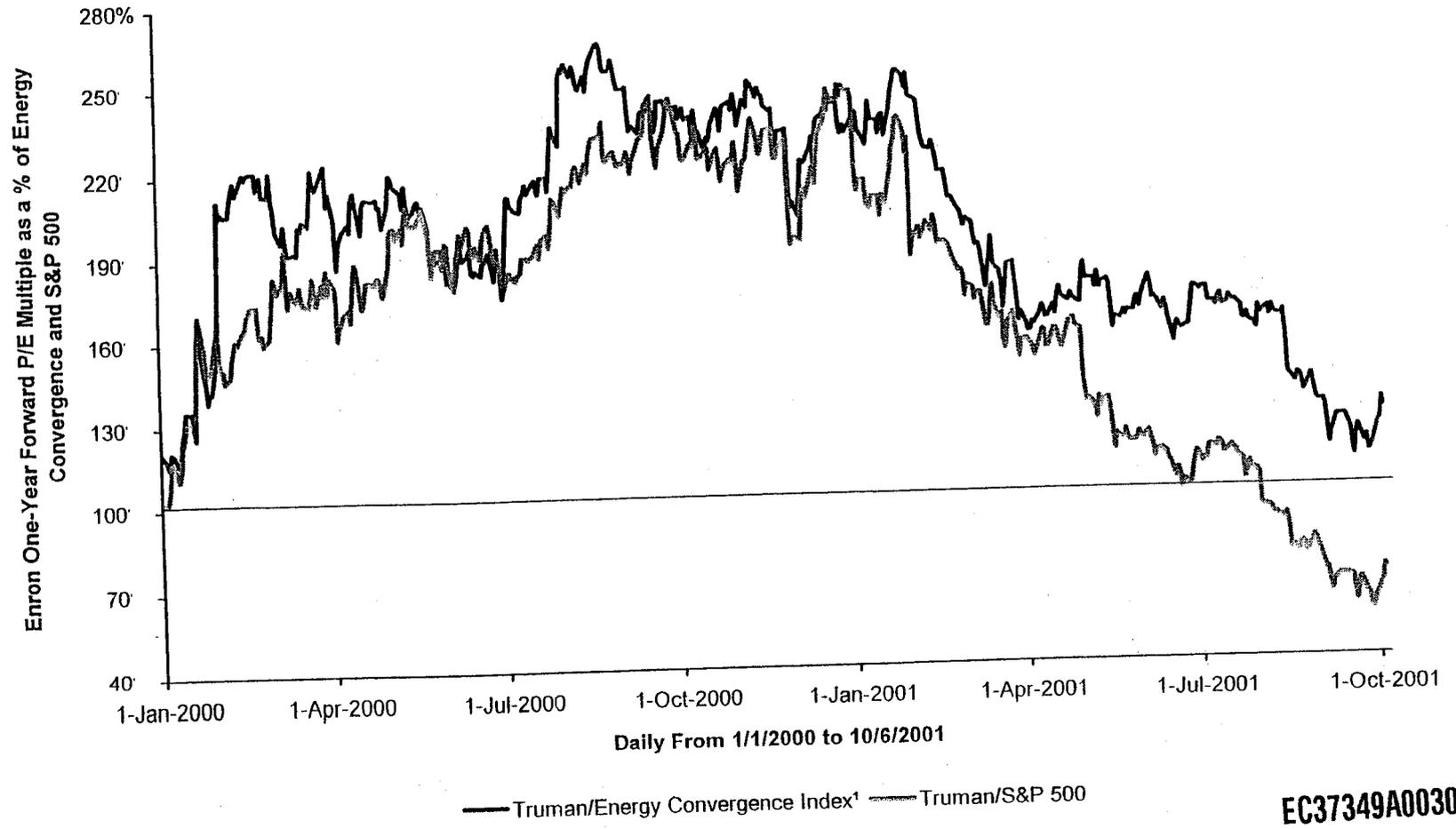
¹ Energy Convergence Composite includes: Aquila, Dominion, Duke, Dynegy, El Paso, Williams and Potomac Electric.

How Vulnerable is Truman?



Truman's P/E Multiple

Truman versus Energy Convergence Index versus S&P 500



¹ Energy Convergence Composite includes: Aquila, Dominion, Duke, Dynegy, El Paso, Williams and Potomac Electric.

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How Vulnerable is Truman?

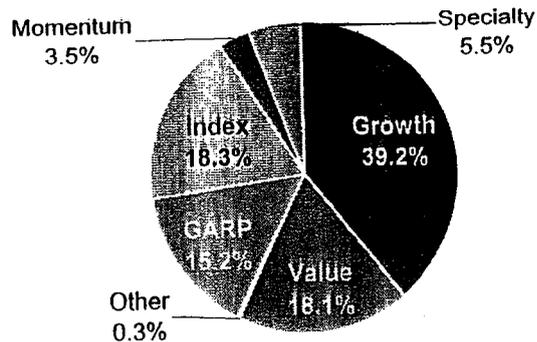


Truman

Shareholder Overview



Investor Base Profile



Top Institutional Investors¹

Institution	Shares Held	% of Total
Janus Capital Corporation	42,817,526	5.7 %
Pulnam Investment Management	26,481,742	3.5 %
AXA Financial, Inc.	25,204,587	3.4 %
Barclays Bank	22,952,744	3.1 %
Citigroup Inc.	18,519,153	2.5 %
Fidelity Management & Research Co.	16,496,906	2.2 %
State Street Corporation	15,560,486	2.1 %
AIM Management Group, Inc.	12,813,667	1.7 %
Taunus Corporation	12,303,790	1.6 %
Vanguard Group	11,381,738	1.5 %
Northern Trust Company	10,407,533	1.4 %
MSDW & Company	10,286,390	1.4 %
Goldman, Sachs & Co.	9,747,871	1.3 %
UBS Warburg Ltd	7,664,912	1.0 %
Rorer Asset Management	7,097,082	0.9 %
Top Fifteen Total	249,736,127	33.3 %
Total Identified Institutions	537,851,318	71.7 %
Total Insiders	9,111,984	1.2 %
Total Unidentified Institutions and Retail	202,894,086	27.1 %
Total Outstanding	749,857,388	100.0 %

¹ Source: Prism.

Shareholder Activism

Share Holder	Shares Held / % of Total	Type of Activist
Barclays	22,952,744 / 3.1%	New School
College Retirement Equities Fund	6,169,553 / 0.8	Activists
California Public Employee Retirement System	3,045,798 / 0.4	Activists

Activist Characteristics

- **Activists** offer shareholders resolutions; use other forms of activism such as "no" votes. Unlikely to challenge board control, but may endorse dissidents' slate or agenda
- **New School** or passive-aggressive activists are likely to support dissident initiatives – some may be vocal. Unlikely to act as ring leader

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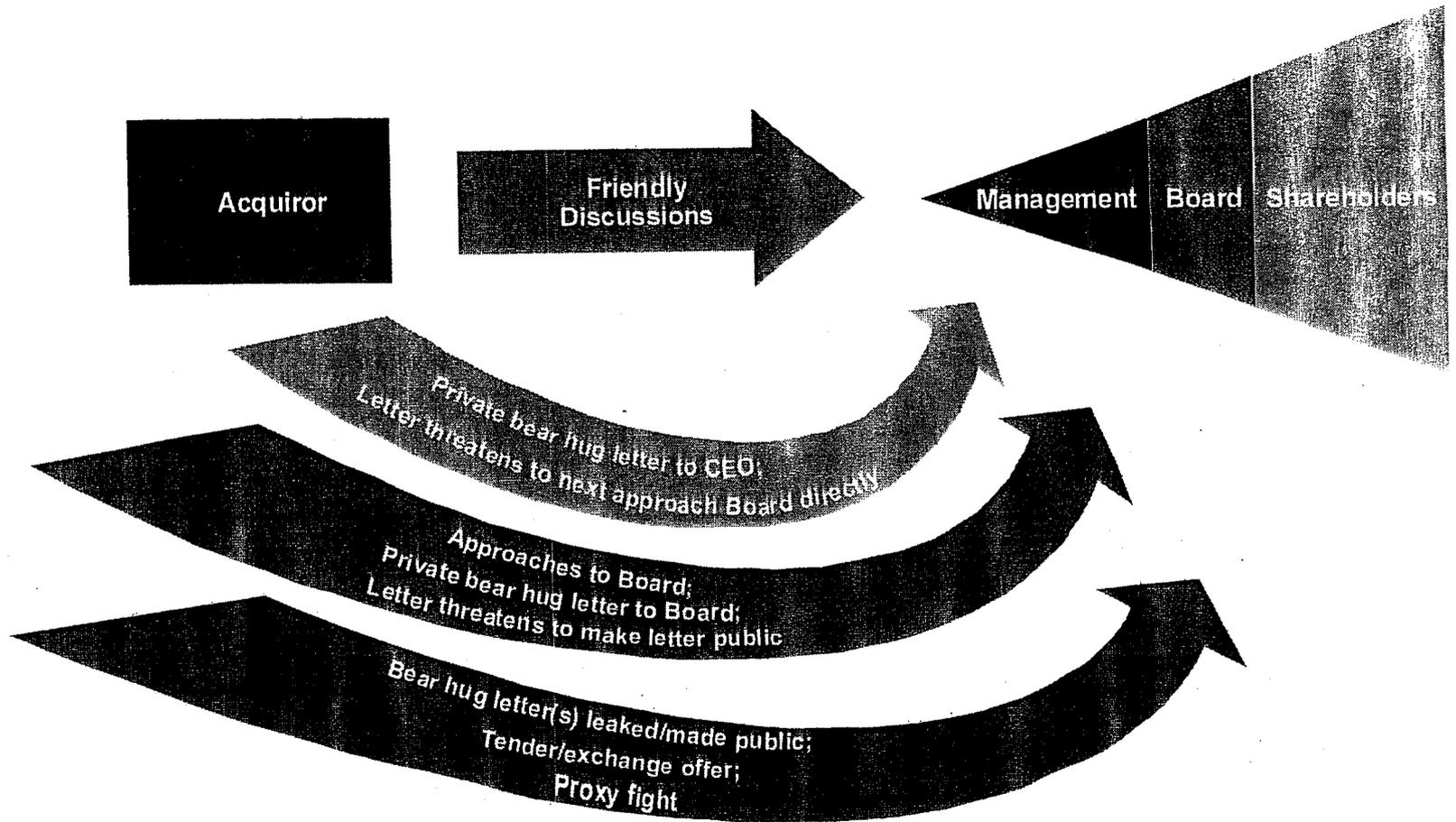
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III. Anti-Raid Preparation

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Potential Approaches of an Unsolicited Acquiror



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Review of Structural Defenses

Currently in Place

- Federal and Oregon Utility Regulatory Constraints
- Effective Elimination of Shareholder Ability to Act by Written Consent
- Advance Notice Requirements for Shareholder Proposals and Notifications
- Oregon Other Constituency Statute
- Fair Price Charter Provision
- Oregon Business Combination Statute (Comparable to Delaware §203)
- Blank Check Preferred Stock
- Denial of Cumulative Voting
- Hostile Change of Control Provisions in Employee Benefit Plans

Other Possible Defenses

- Shareholder Rights Plan
- Staggered Board
- Prohibit Removal of Directors without Cause
- Strengthen Cap On Size of the Board
- Deny Shareholders the Right to Call Special Meetings (only after reincorporation)
- Reincorporate

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Strengthening Structural Defenses

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- ✓ ■ Shareholder Rights Plan / Poison Pill (allows S/H to buy) set @ disc & cause dilution - no S/H approval req'd)
 - Can be adopted by Board on short notice
 - Does not require shareholder approval
 - Consider having it "on the shelf" - *add new Oregon - not a covered*
 - ✓ ■ Limit/eliminate ability for shareholders to call a special meeting
 - Not possible to limit under Oregon law but can indirectly achieve goal by director removal and board size provisions
 - Default provision under Delaware law
 - Staggered Board
 - Difficult to implement due to shareholder sensitivity
 - [Most peers don't have a staggered Board]
 - As a result of shareholders' ability to call a special meeting Truman is more vulnerable than peers – and effectively vulnerable at all times during the year
- Legal rec: Do not adopt now; Have ready; [Follow up w/ specifics]*

Reincorporate in Delaware

- In conjunction with PGE transaction
- Consider approving reincorporation at next annual shareholders meeting subject to closing PGE or PUHCA exemption
- No ability for shareholders to call special meeting under law unless specially provided for
- Consider staggered Board as part of reincorporation

Stay Incorporated in Oregon

- Consider two charter amendments
 - Eliminate ability of shareholders to remove directors without cause or to increase board size
 - Staggered Board - *no S/H approval*
- GS REC: Do not seek Classified Board - Highlights focus/weakness - < 50% success rate*

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Potential Acquirors of Truman

(US\$ in millions, except per share amounts)

Company	Equity Value ¹	Enterprise Value ¹	Calendarized P/E Multiples ²	Debt to Cap.
			2002	
Truman	\$26,247	\$42,510	15.6x	53.1%
Strategic Interest				
General Electric	\$379,582	\$577,231	23.7x	77.8%
Exxon Mobil	273,744	275,625	18.6	13.3
Royal Dutch/Shell	190,395	190,919	15.4	10.6
BP Amoco	182,641	237,914	16.0	42.4
AIG	183,466	228,998	22.9	53.3
El Paso	23,920	41,286	12.3	59.6
Dynegy	13,621	18,591	15.7	45.5
Kinder Morgan	5,886	10,680	20.1	58.0
Possible, but Unlikely Strategic Interest				
Total	\$99,706	\$110,394	13.4x	32.7%
Tyco	90,502	144,555	13.7	64.1
Chevron/Texaco	91,275	104,896	16.2	30.3
Vivendi	47,664	82,615	29.3	36.9
ENI	50,047	60,605	10.3	31.4
E.ON	42,011	47,248	17.9	32.8
Suez	34,847	71,002	18.9	61.4
Duke	30,882	46,875	14.1	50.4
RWE	22,677	51,113	18.2	72.3
Repsol	17,382	39,753	8.9	52.8
AES	6,973	28,695	8.1	75.6

¹ Source: Latest publicly available financial statements. Equity value based on fully diluted shares outstanding and closing stock prices on October 3, 2001.

² Source: IBES median estimates unless otherwise noted.

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Responses to Unsolicited Offers

- Responses to Inquiries
 - Always respond that "Company policy is not to comment on rumors"
- Responses to Casual Offers
 - No duty to discuss or negotiate
 - Only one Company representative should be authorized to respond in any fashion
 - General responses should be that the Company is very comfortable with its current structure and strategies
 - Specific response to any particular approach must be structured on a case-by-case basis; team should confer to decide proper response
- Responses to Specific Offers
 - No response other than "will call you back"
 - No immediate response needed
 - Call war list and assemble team
 - No press release or statement other than "stop-look-and-listen" and call of special Board meeting to consider offer
 - Determine response from Board after considering duties and issues for the Board

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Are You Prepared?

- Most battles are won or lost before they are fought — Preparation is the key
- Who is the Team?
- Do you know who your shareholders are?
- Have you reviewed the financial and strategic plan?
- What value are you creating for shareholders?
- What is your response to an unexpected approach?

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Preparatory Activities

- Assemble team
- Conduct comprehensive due diligence
- Valuation tools prepared and accessible
- Review and evaluate structural means
- Review and evaluate financial restructuring alternatives
- Review and evaluate asset restructuring alternatives
- Review and evaluate important relationships
- Market watch
- Recommendations to management

- Set S/A rights plan ready

- Review & Plan to move to Del. in spring / Annual Mtg.

- Do not pursue Classified Ed now

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Appendix A: Expanded Structural Defense Discussion

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Structural Defenses in Place

Federal and Oregon Utility Regulatory Constraints

- **Description** Because of Truman's ownership of PGE, under the Public Utility Holding Company Act of 1935 (PUHCA), the Federal Power Act and Oregon law, an acquisition of Truman would require prior approval by the Federal Energy Regulatory Commission and the Oregon Public Utility Commission and, for many potential buyers, the Securities and Exchange Commission. In addition, PUHCA would impose substantial restrictions on some potential acquirors.

- **Effect** As long as Truman owns PGE, (1) an acquisition of Truman (more than 10% of Truman voting stock) will be slowed considerably by the required regulatory approval process; (2) potential acquirors already owning a U.S. gas or electric utility may have difficulty satisfying PUHCA regulatory requirements; and (3) U.S. or foreign energy companies without a U.S. gas or electric utility would be best situated to avoid PUHCA regulation. However, these approval requirements would not necessarily prevent or delay a proxy fight to replace the Truman Board as an initial step in a hostile acquisition attempt.

Effective Elimination of Shareholder Ability to Act by Action by Written Consent

- **Description** Prohibits actions by written consent other than by unanimous consent.

- **Effect** Prevents acquiror from bypassing stockholder meetings as a forum for shareholder action.

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Structural Defenses in Place

(continued)

Advance Notice for Director Nominations and Shareholder Proposals

- **Description** Requires advance notice before shareholder can present director nominations or proposals at shareholder meetings. With respect to an annual meeting, shareholder's notice must be received not less than 120 days prior to an anniversary date of the proxy statement for the previous year's annual meeting. With respect to a special meeting, shareholder's notice must be received not later than 10 days after the date on which the notice of the meeting was mailed.

- **Effect** Prevents surprise nominations and solicitations for shareholder proposals at an annual meeting.

Oregon "Other Constituency" Statute

- **Description** Statutory provision that authorizes the Board, in evaluating a potential acquisition, to consider a range of social, legal and economic effects on employees and other constituencies, as well as both the long-term and short-term interests of the corporation and its shareholders, including that these interests may be best served by the continued independence of the corporation.

- **Effect** May enhance the Board's ability to "just say no" to a potential acquisition or to choose among competing bidders.

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Structural Defenses in Place

(continued)

Fair Price Charter Provision

- **Description** Any business combination with a 10% + shareholder must be approved by at least 80% of Truman's voting stock unless (i) the transaction is approved by at least 80% of Continuing Directors who constitute a majority of the Board (ii) certain fair price and procedural requirements are met or (iii) the transaction occurs more than 5 years after last acquisition of stock by 10% + stockholder.
- **Effect** Discourages two-tiered offers.

Oregon Business Combination Statute

- **Description** A corporation generally may not engage in a business combination with an interested stockholder (owner of 15% or more of Truman voting stock) unless (i) the Board approved the transaction which resulted in the shareholder becoming an interested shareholder, (ii) upon the consummation of such transaction, the interested shareholder owned at least 85% of the outstanding voting stock (excluding certain insider holdings), (iii) the business combination is subsequently approved by the Board and holders of 2/3 of disinterested voting stock or (iv) business combination occurs more than 3 years following the date the shareholder became an interested shareholder. (Substantially similar to Delaware General Corporation Law §203)
- **Effect** Discourages hostile tender offers which bypass the Board, do not obtain a high stockholder tender percentage and which are dependent upon quick access to the target's assets for financing or other purposes.

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Structural Defenses in Place

(continued)

Blank Check Preferred Stock

- **Description** Authorization in Charter for Preferred Stock with terms set by Board without shareholder action.
- **Effect** Gives the Board the flexibility in raising capital, issue stock to a white squire, effect a defensive recapitalization or otherwise respond to a hostile bid.

Denial of Cumulative Voting

- **Description** Prohibits shareholders from cumulating their votes, which reduces the number of shares required to obtain individual Board seats.
- **Effect** Prevents minority shareholders from obtaining Board seats.

Hostile Change of Control Provisions in Employee Benefit Plans

- **Description** Stock option plans generally provide for automatic acceleration of vesting and a cash-out in the event of a change of control that is not approved by the Board.
- **Effect** May encourage a potential acquiror to negotiate with the Board rather than pursue a proxy fight in order to preserve existing employee incentives and minimize acquisition costs.

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Other Possible Additional Structural Defenses

Shareholder Rights Plan

- **Description** Plan providing for a distribution of stock purchase rights to all holders of common stock, which rights have nominal value and are not exercisable until triggered. Rights are triggered if a potential raider acquires a significant percentage (10-20%) of the Company's voting stock, unless the Board redeems or nullifies the rights. If triggered, the rights allow each shareholder other than the acquiror to acquire a significant number of shares of common stock at a substantial discount to the current market value, causing extreme dilution to the acquiror.
- **Effect** Effectively prevents an acquisition of a significant block of stock without Board approval.
- **Process** Can be adopted by the Board without shareholder approval.

Staggered Board

- **Description** Divides the Board into three classes elected for staggered three year terms, so that only one-third of the Board is up for reelection at each annual meeting.
- **Effect** If coupled with director removal protection, effectively requires an acquiror to wait two years before it can obtain a majority of the Board through proxy contests.
- **Process** Under Oregon law, the board could be classified without shareholder approval, but shareholder approval of a charter amendment would be required to prohibit removal of Board members without cause.

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Other Possible Additional Structural Defenses

(Continued)

Prohibit Removal of Directors Without Cause

- **Description** Change the default provision in Oregon, which permits the shareholders to remove directors without cause at any meeting called for that purpose (by a majority of votes cast if a quorum is present).
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(Continued)

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- **Process** Shareholder approval of a merger would be required (by a majority of outstanding voting stock). If PGE then owned, would have to address PUHCA issues.

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9:30

form
Doc
cott

- High energy quality
 - checked
 - offer cap
 - prudency



Enron Energy Services

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Janet

Financial Highlights

(\$ in Millions)

<u>Retail Segment Reported</u>	<u>Year to Date</u>		<u>Total Year</u>	
	<u>2001E</u>	<u>2000</u>	<u>2001E</u>	<u>2000</u>
Earnings Before Interest & Taxes	171	79	① 246	111*
Net Income	② 90	37	③ 127	85
Cash Flow from Operations	(102)	Improving, but no where no great it (257)	④ (39)	(350)
Capital Deployed	⑤ 1,103	734	1,097	871
Equity Deployed	664	440	658	523
Return on Equity	⑥ 18%	11%	19%	16%

⑤ 40/60

Passive discussion
• \$'s incl. initial wholesale transfer
• \$'s incl. incremental reserves
Decision (Blake & Duncan) on ability to
capture deal specific profitability

Question - How much of 171 EBIT will be in 2001?
JD Most one side P&M best of Summa or
better than wholesale
Blake/Racalo - Retail not back in wholesale,
not retail.
Whalley - incremental reserves

* Excludes Non-recurring EBIT of \$62 MM

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Capital Deployed

(\$ in Millions)

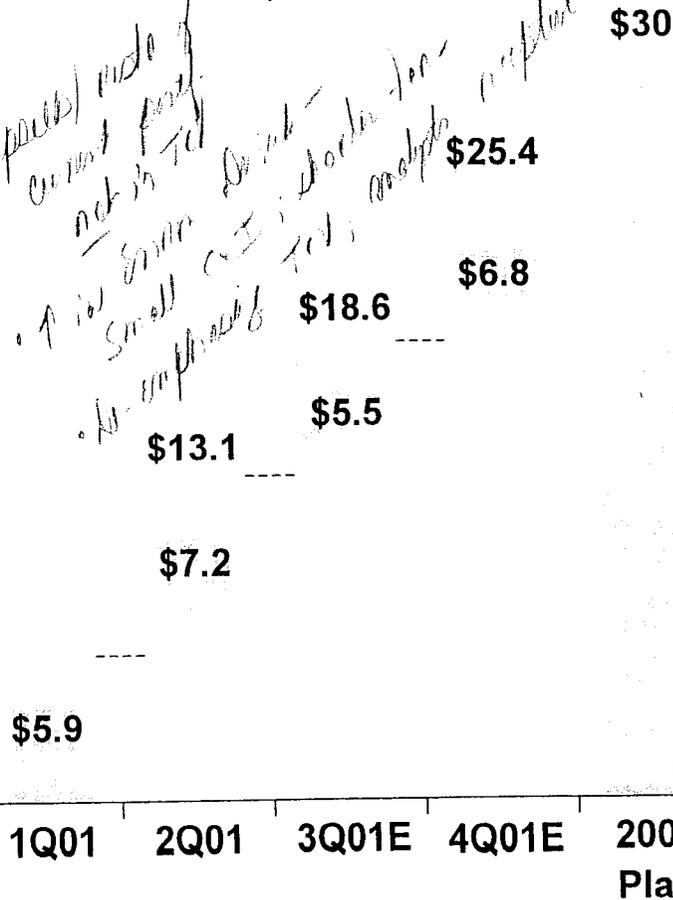
	<u>Year to Date</u>		<u>Total Year</u>	
	<u>2001E</u>	<u>2000</u>	<u>2001E</u>	<u>2000</u>
Accounts Receivable	301	272	301	304
Accounts Payable	(132)	(125)	(132)	(161)
Other Working Capital, Net	44	111	44	83
Price Risk Management, Net	399	185	461	229
PP&E, Net	158	127	167	152
Investments	100	3	92	104
Other	233	161	164	160
Total Capital Deployed	1,103	734	1,097	871

① Key change: PRM asset [— ↓ Europe]
 ② A/R - aggressive collection plan.
 + / bill total. Progress over next 2 yrs.

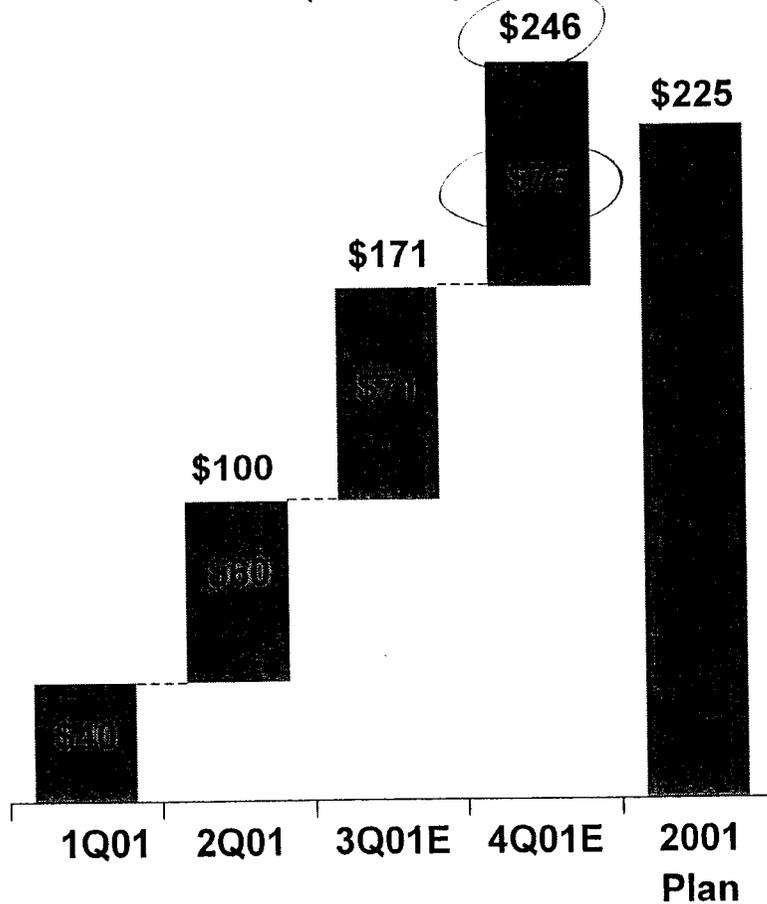
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Quarterly Results

Total Contract Value
(Billions)



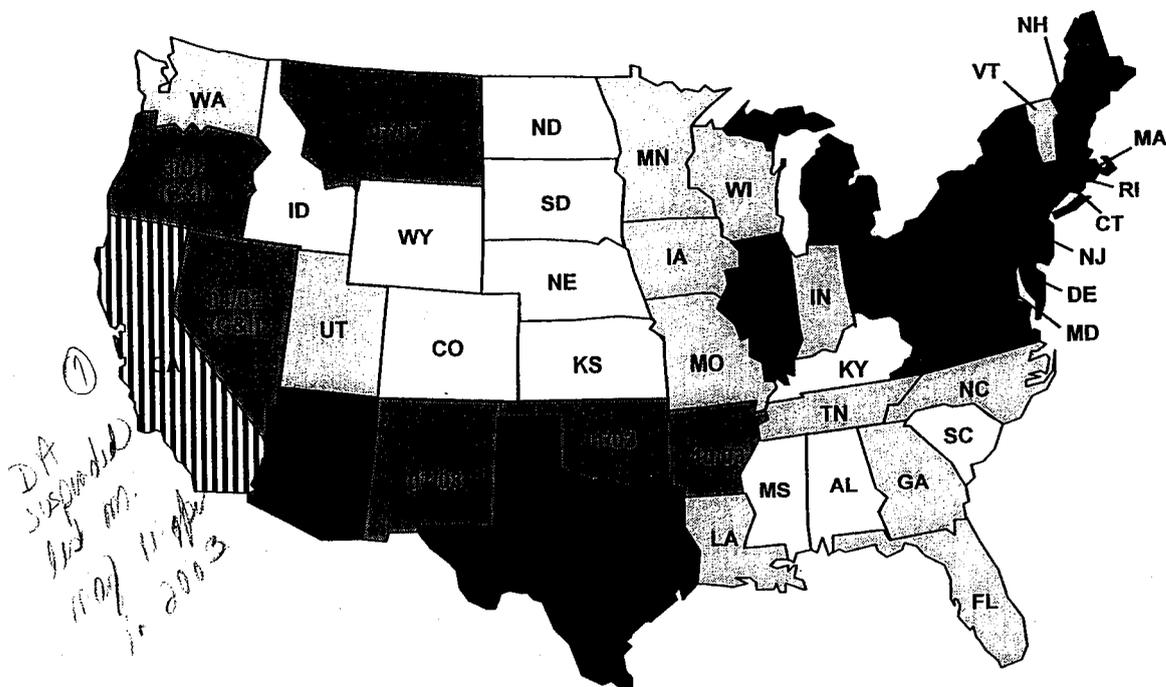
EBIT
(Millions)



Some TV was affected initial purchase
 - CF & EBIT up as bus matured.

① Long term plan is imp

Deregulation Status – U.S. Power



- ② Pace of Deregulation is Uneven
- ⑧ Planned Openings in 2001-2003 Adequate to Meet Near-Term Goals
- ⑨ California Crisis Has Increased Urgency in Marketplace and Reduced Acquisition Cost
- Continued Deregulation is Important to Long-Term Strategy

- ③ ■ Restructuring Legislation/Order Enacted
- ④ ■ Restructuring Implementation Delayed
- ⑤ ■ Commission and/or Legislative Investigation
- ⑥ □ No Significant Activity

Restructuring Status as of 10/01

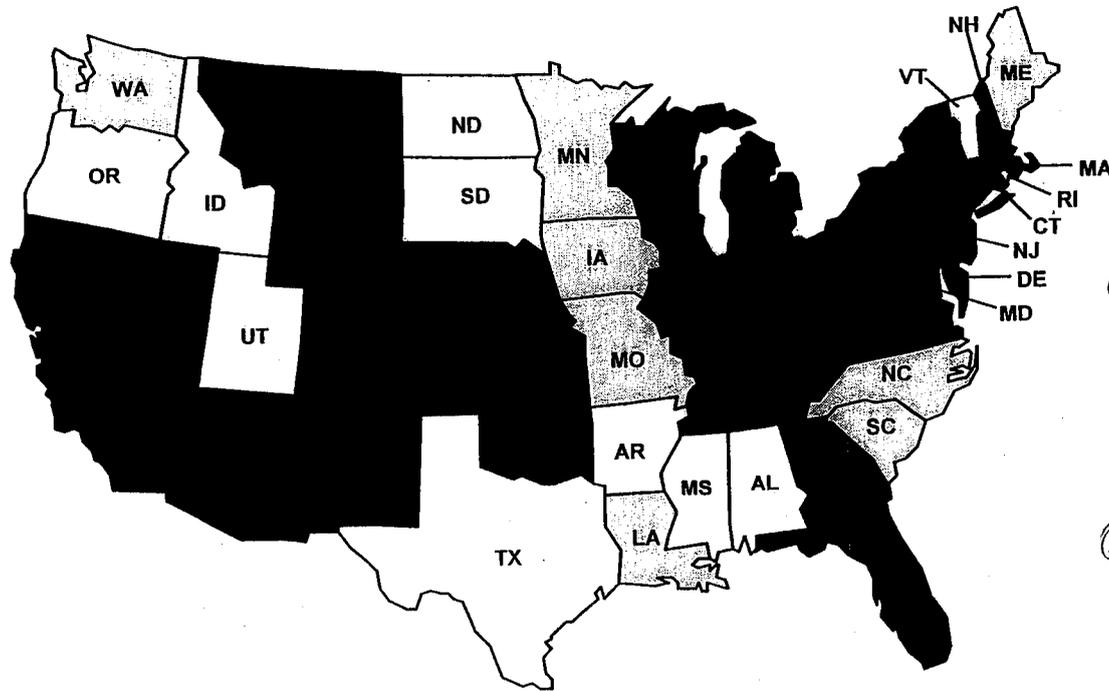
• \$ Market Open = \$56.1 Billion
 • % Market Open = 26%
 • Total Market Size = \$219.0 Billion

for the 2001 period impacted EES
 - Antitrust seeking restraint of
 State key & earnings

⑧A

MA, NY, TX - Most focus
 OH, ILL - 200-300 + sub. apts.
 2002 - TX, MICH, VA, W. VA.

Deregulation Status – U.S. Gas



- Restructuring Legislation/Order Enacted
- Restructuring Implementation Delayed
- Commission and/or Legislative Investigation
- No Significant Activity

Restructuring Status as of 10/01

- ① Restructuring Varies Greatly by Customer Class and by Utility - Industrial Access Universal
- ② Consumer Response has Varied Greatly *based on state program design*
 - Lack of Urgency in the Market and With Regulators
- ③ *Kay* Gas Needs to Become a Much Larger Product for EES

- \$ Market Open = \$31.0 Billion
- % Market Open = 51%
- Total Market Size = \$61.0 Billion

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Deregulation Status – Canada Power



- Restructuring Legislation/Order Enacted
- ▒ Restructuring Implementation Delayed
- Commission and/or Legislative Investigation
- No Significant Activity

Restructuring Status as of 10/01

- Alberta Retail Market Opened January 2001
- Ontario Market Expected to Open May 2002
- ③ • Ontario is the Majority of the Value Proposition - May 02 openiz
 - Most Populous and Industrial Province
 - Comparable to Energy Intensity of Northeast U.S.
 - Peak Load of 26,000 MW
 - \$8 Billion in Annual Spend

- \$ Market Open = \$1.3 Billion
- % Market Open = 7%
- Total Market Size = \$19.0 Billion

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Deregulation Status – Canada Gas



- Restructuring Legislation/Order Enacted
- Restructuring Implementation Delayed
- Commission and/or Legislative Investigation
- No Significant Activity

Restructuring Status as of 10/01

- Ontario - Open Access has been Available Since 1985
- British Columbia Market Expected to Open November 2002
- Actively Signing Gas Contracts in Alberta and Ontario

- \$ Market Open = \$7.0 Billion
- % Market Open = 70%
- Total Market Size = \$10 Billion

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Deregulation Status – Europe Power



- Fully Liberalised
- Partially Liberalised
- Significant Barriers
- EU Directive Not Implemented

Restructuring Status as of 10/01

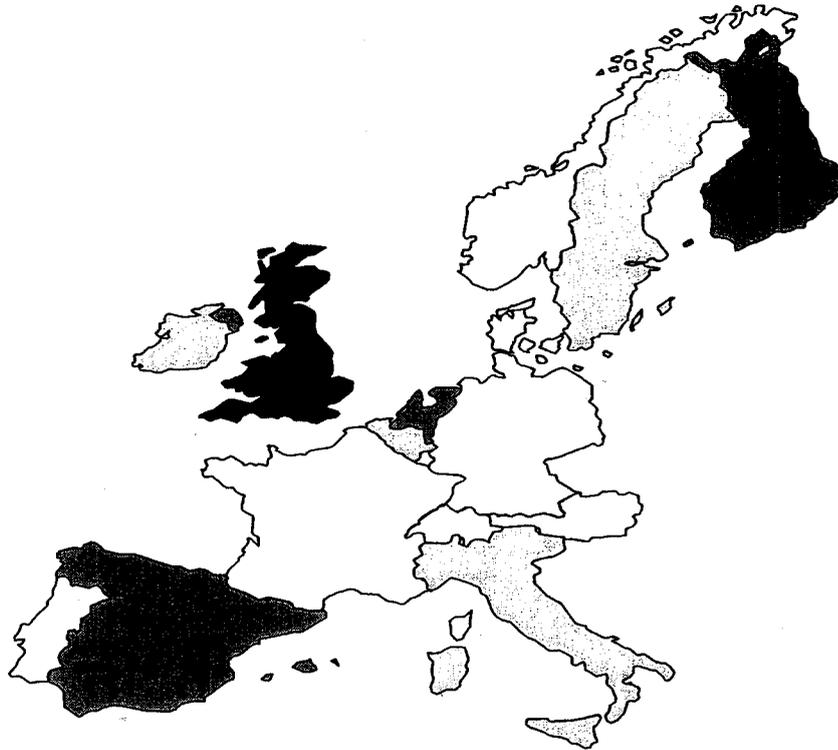
- UK and Scandinavian Power Markets Among the Most Competitive in the World
- ② Continental Governments Continue to Thwart EU Electricity Directive *2003-2005 most likely*
- Europe is Becoming a Series of Small Regional Markets
- Few, if any, “Pan-European” Accounts *↑ Dan restructured*
- Likely to Lead with the Enron Direct Business Model as EES Enters New Markets on the Continent

- \$ Market Open = \$55.2 Billion
- % Market Open = 33%
- Total Market Size = \$167.0 Billion

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Janet

Deregulation Status – Europe Gas



- Fully Liberalised
- Partially Liberalised
- Significant Barriers
- EU Directive Not Implemented

Restructuring Status as of 10/01

- UK Gas Market Best in Europe
- EU Will Not Adopt a New Gas Directive Before 2002
- Continental Gas Incumbents Strongly Defending their Positions

- \$ Market Open = \$21.2 Billion
- % Market Open = 30%
- Total Market Size = \$70.5 Billion

EC37349A0030454

Master of Blah: All 1000s is missing
 o # 150-200 AM > 30 day, incl. "SD > 90"
 o # 500 (TC)
 o # 300-400 - (cool gap of 55-60 day) related to K used Bill & Actual

Bill
 Actual

Evolving Business Model

Have not seen defaults.

"WAS"

"IS"

Dell-like

- Limited Market
- ① • ^{18-24 mo.} Very Long Sales Cycle / High Acquisition Costs
- Not Acquiring the "Bundle" Anyway
- ② • Highly Customized / Not Scalable
- ③ • Challenging Executions
- ④ IBM-like

- Easily Transferable Across Market: Size and Geography
- Component Assembly Provides the "Illusion" of Customization
- ① • Bundle or Unbundle Components: Driven by Segment and Profitability
- ^{1,000's} Shorter Sales Cycle / Lower Acquisition Costs
- ② • Standardized Contracts and Components Ensure High Quality Execution and Scalability
- ③ • Easily Tailor Product, Acquisition and Maintenance Model to Channel / Customer

④ • Down mkt
 • Expanding Geography

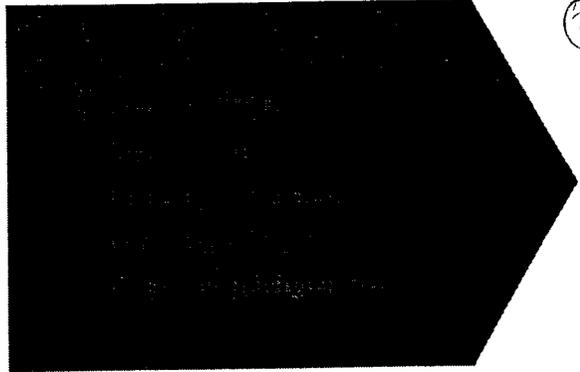
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Dave

Product-Based Business Process

Manufacturing

①

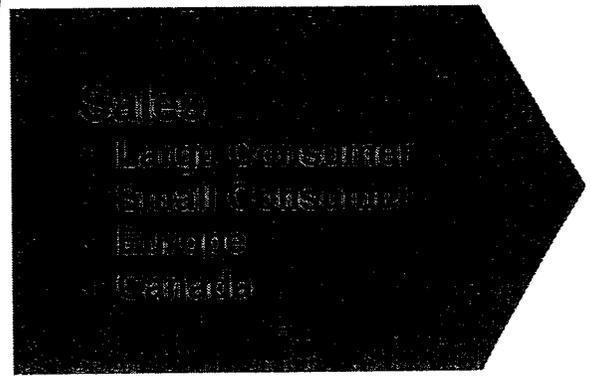


②

Products

- Power
- Natural Gas
- Tariff Commodity
- DSM
- Facility Services
- Construction Services

③



Sales

- Large Consumer
- Small Consumer
- Europe
- Canada

- Defines Components, Service Levels and Pricing
- Manages Risk, Logistics and Cost
- Services Customers
- Ensures Quality
- Accountable for Execution, Delivery and Maintenance Model

- Bundles Components Proactively into Value-Added Products
- Designs Products to Ensure Suitability for Customer and Sales Organization
- R&D Point
- Drives Scale: Ensures Sales Force is Selling Deliverable Products
- Ensures Quality and Leverages Good Ideas Across the Entire Sales Organization Quickly
- Co-Owns with Sales: Acquisition Model

- Define Markets
- Target Customers
- Originate Business
- Create and Manage Sales Channels
- Co-Owns with Products: Acquisition Model

no separate sep

Goal: Increased Customer Satisfaction, High Quality Product, Scalable Delivery Platform and Greater Profitability

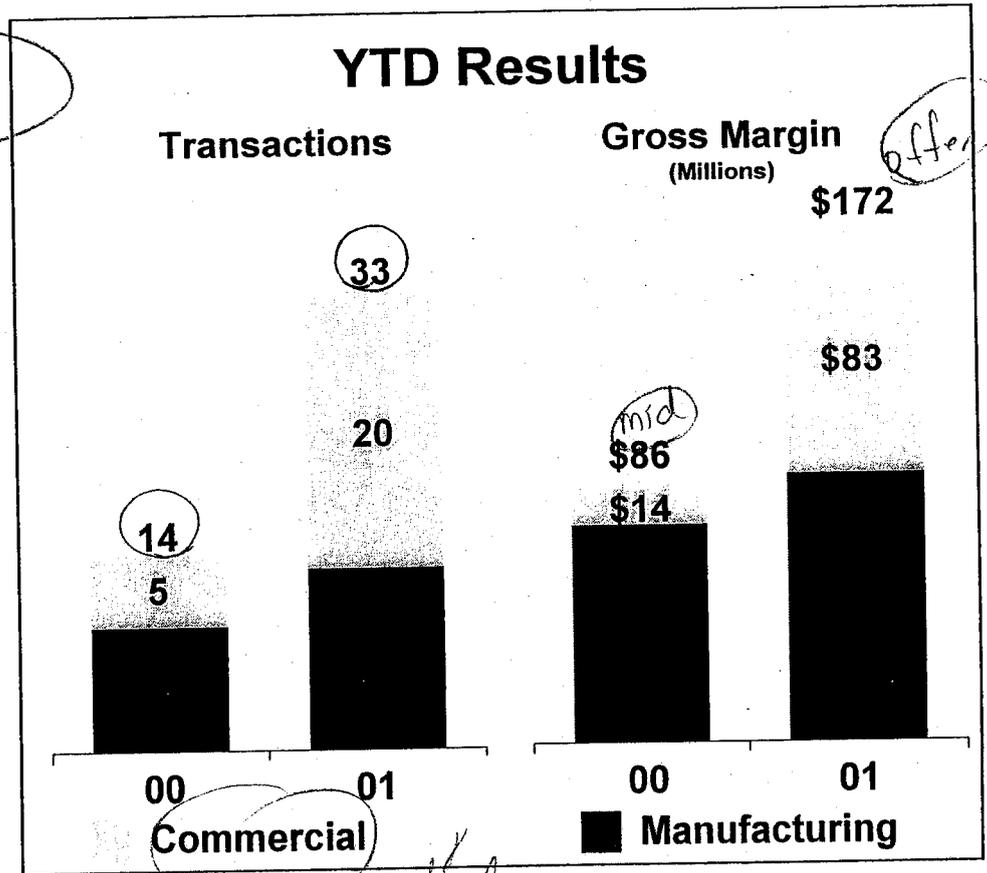
*uncan - acq. costs cos-how helpful?
How re to-date. May.*

EC37349A0030456

Large Consumer Business – U.S.

- Annual Energy Spend >\$10MM
- High Packaging *on Comm.*
- National Footprint

- *Dedicated* Enron Sales Force
- Dedicated Service Manager



*Duncan - Customer deal profit center
QA (Alan Sany)*

*exp. doing
profitable*

EC37349A0030457

Dave

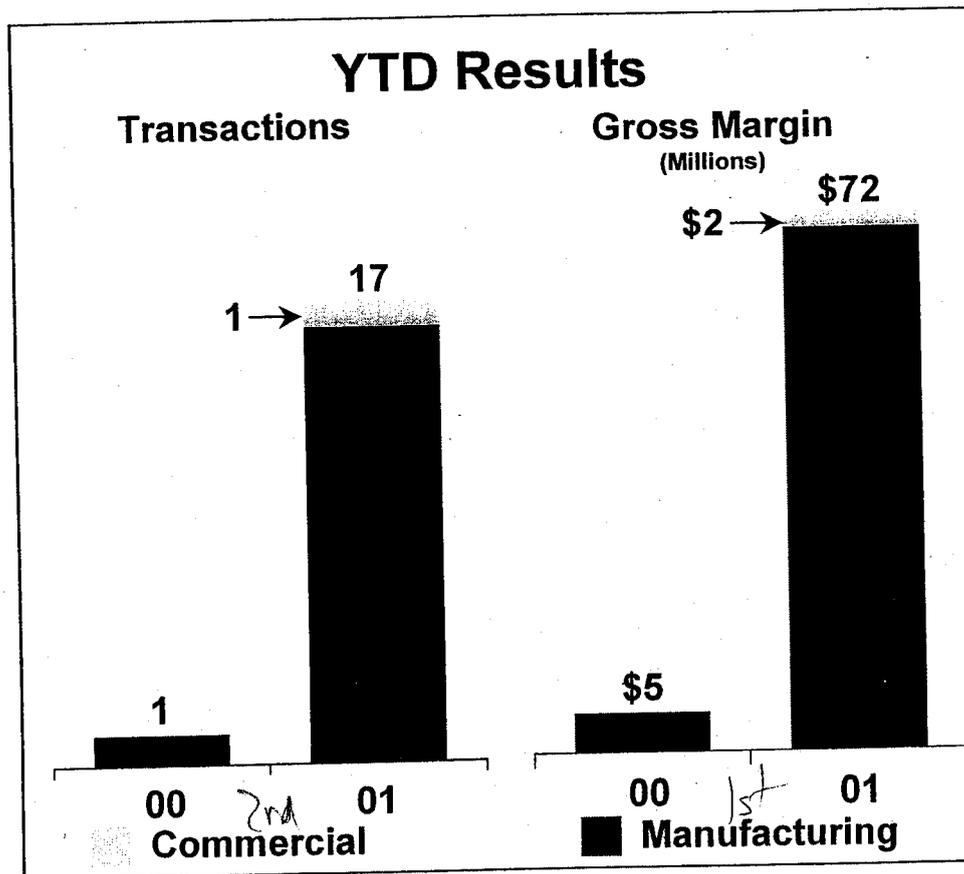
Portfolio Origination – U.S.

- Upsell Engine
- Mines the Existing Customer Portfolio for Value-Added Transactions

Dedicated team exploring



[Power left]



Harvesting incremental value from existing customers

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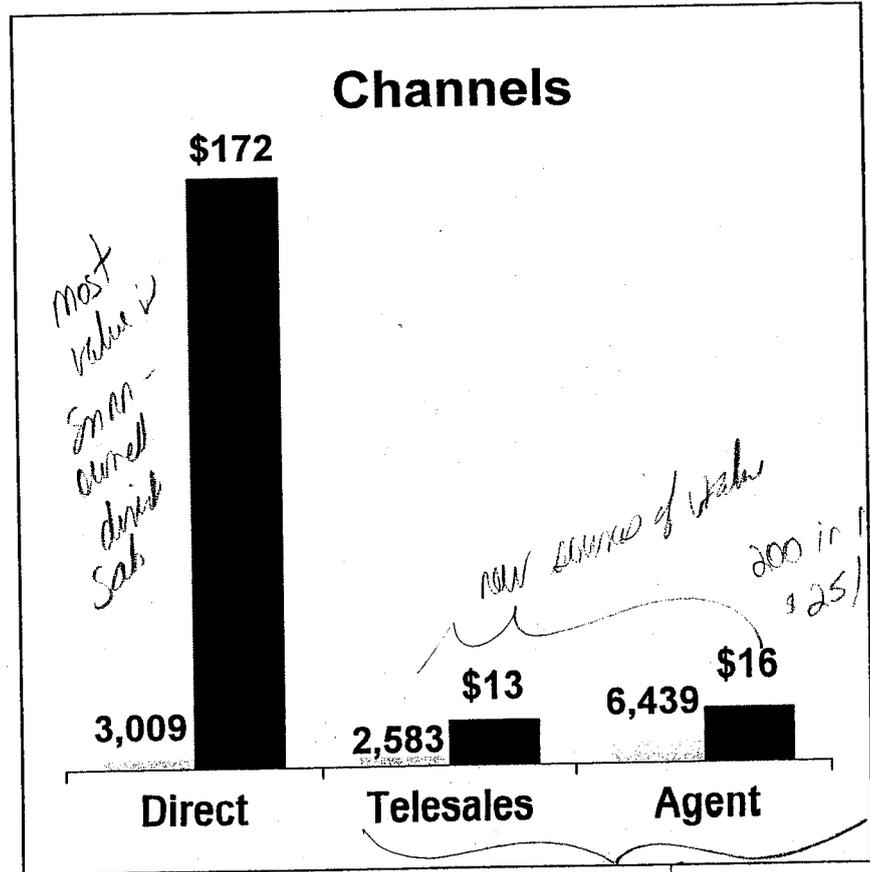
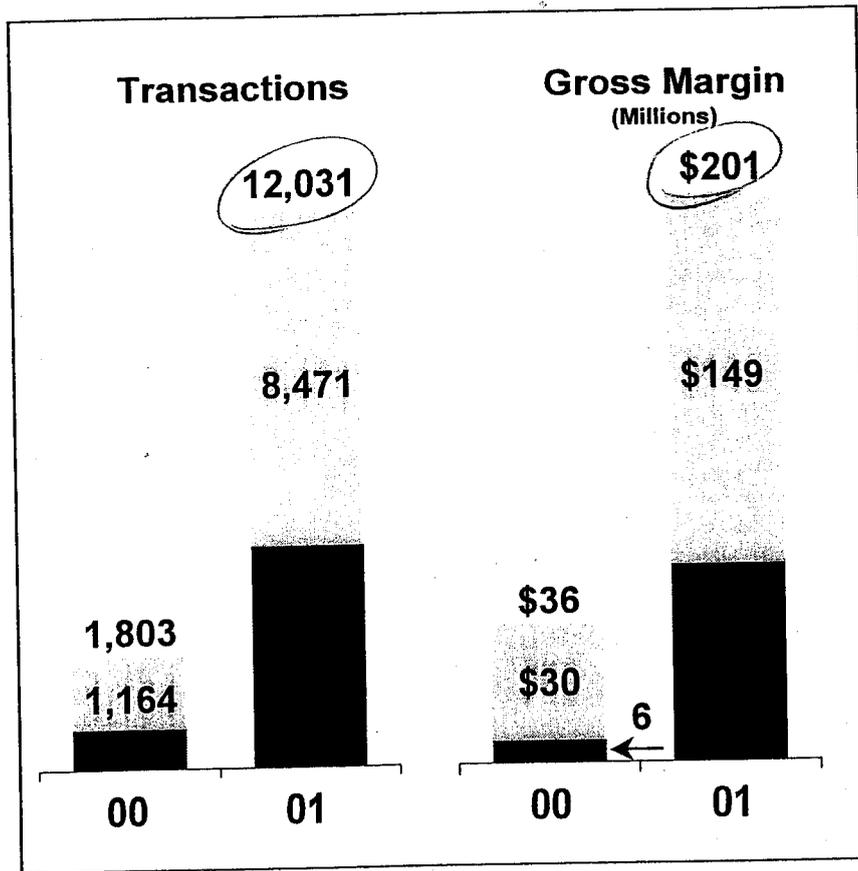
① New in US / Started in May/June Dave

Small Consumer Business - U.S.

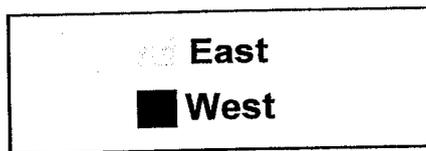
- Annual Energy Spend <\$10MM
- Highly Standardized - 2 pages
- Regional

- Commissioned Sales Force (Enroll agents)
- Call Center Support

YTD Results



[Handwritten signature]



Avg - Sample customers
 Small - Pub
 Lge - Shop lists
 - Comm only



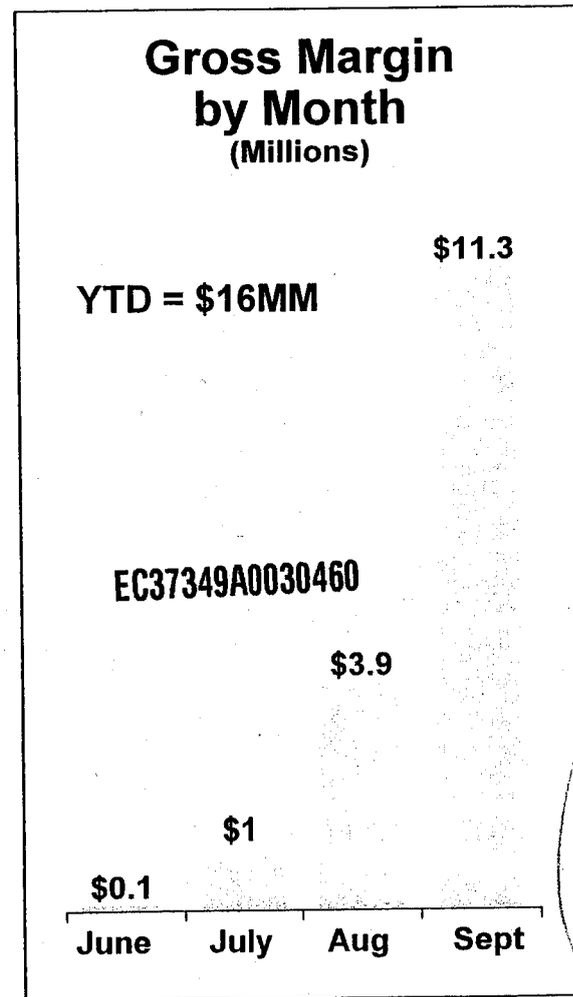
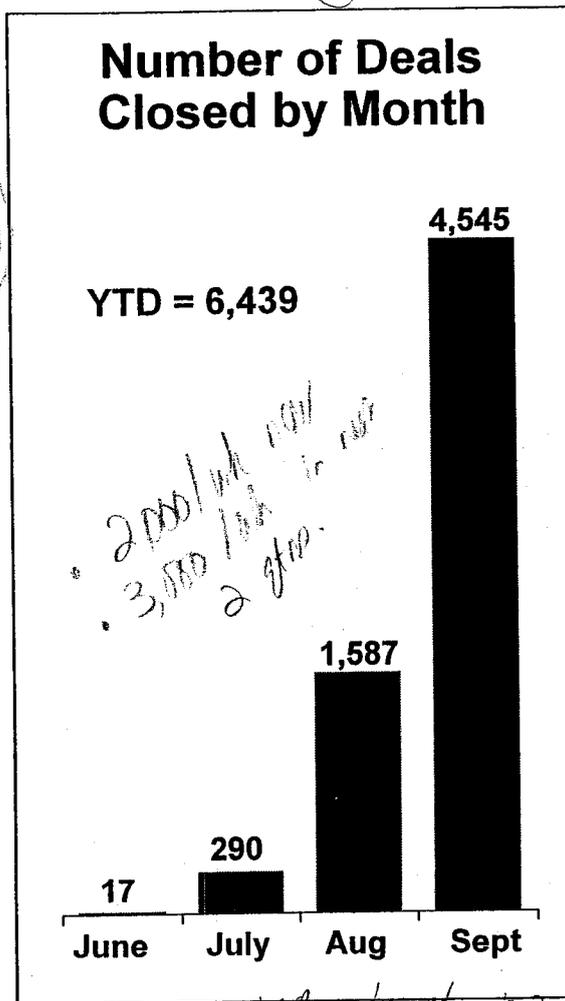
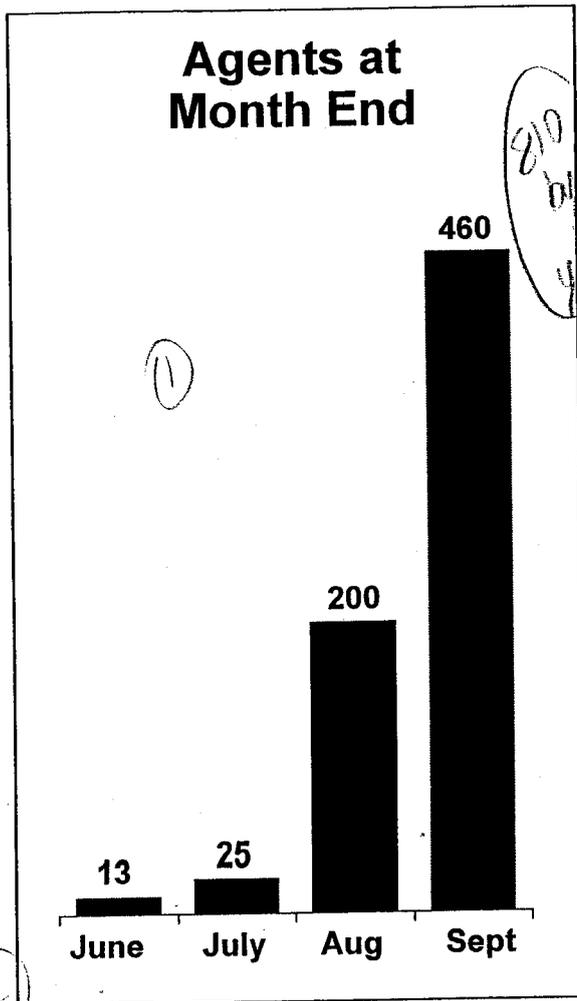
Save -
 Enroll agents/
 screens for links
 + sets up
 accounts

EC37349A0030459

Enron Direct – U.S.

Agent-Based Business Metrics

Missing data
460?



Alto

- Direct Sales Costs / Rev
- Gm / Rev

- TX, MA, NY
 - Talent Fee
- FSA = lowest margins

50/50 - Small?

model 50/50

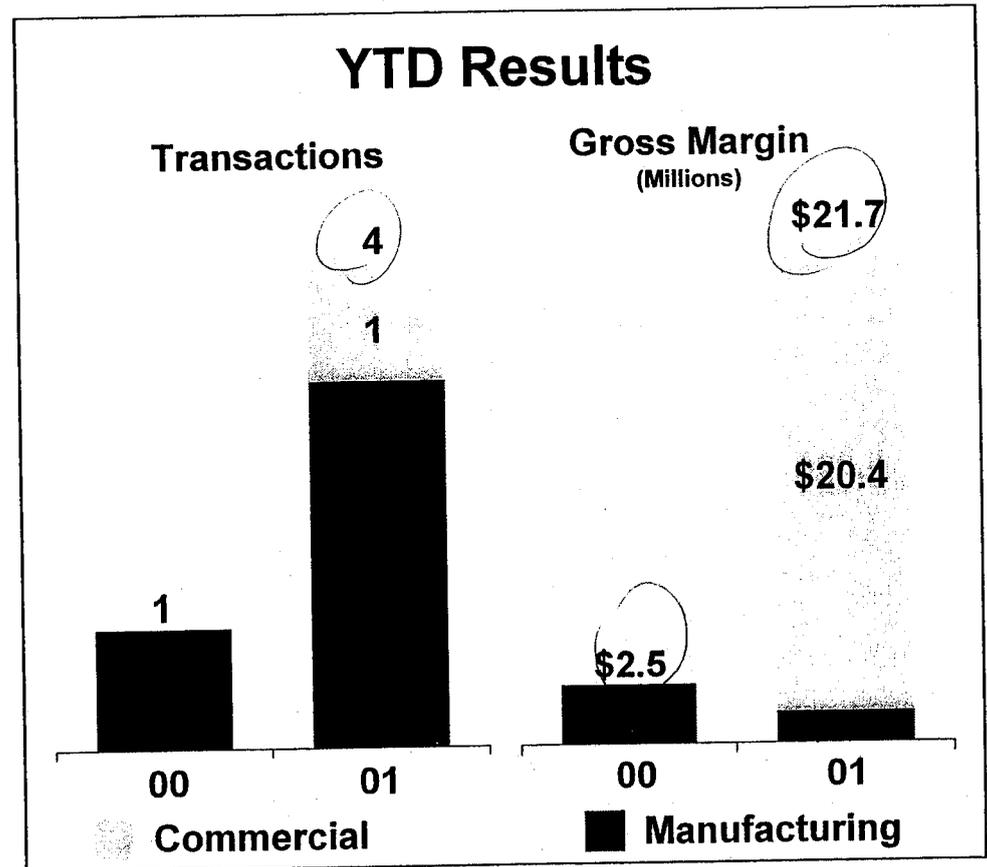
Sales/Marketing

Large Consumer Business – Europe

- Annual Energy Spend >\$10MM
- High Packaging
- National Footprint

- Enron Sales Force
- Dedicated Service Manager

*Prima OK
New Sales
March*

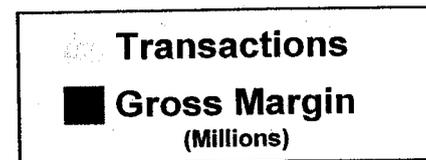
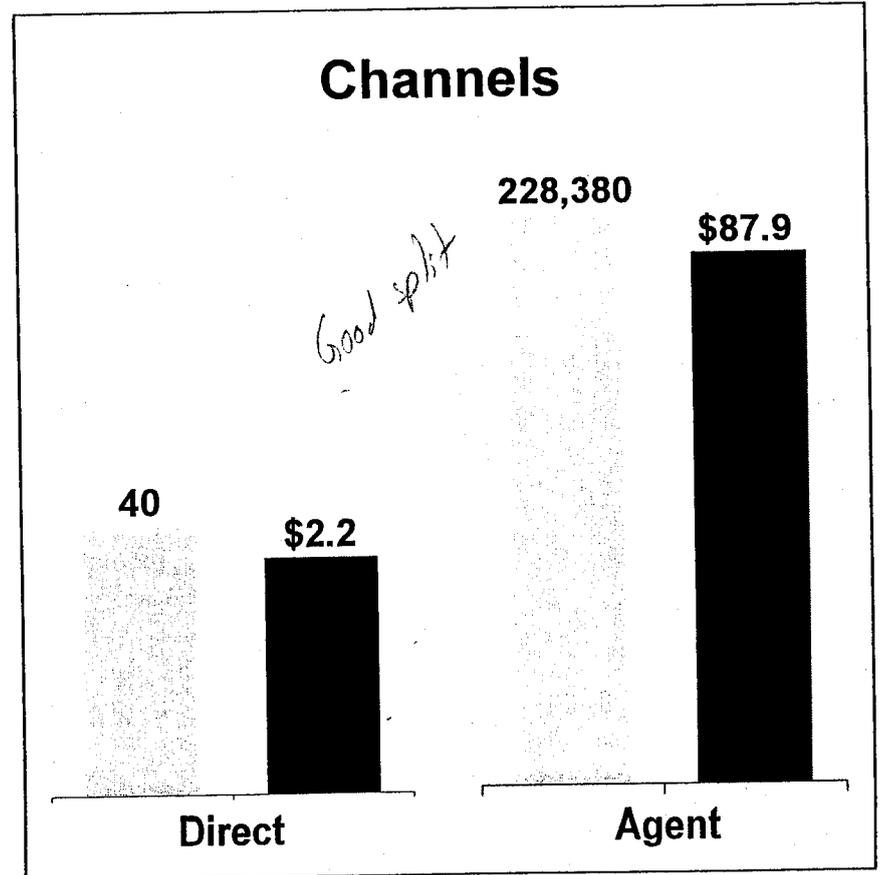
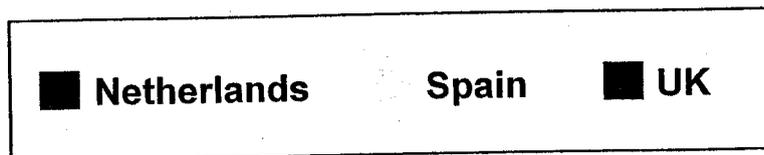
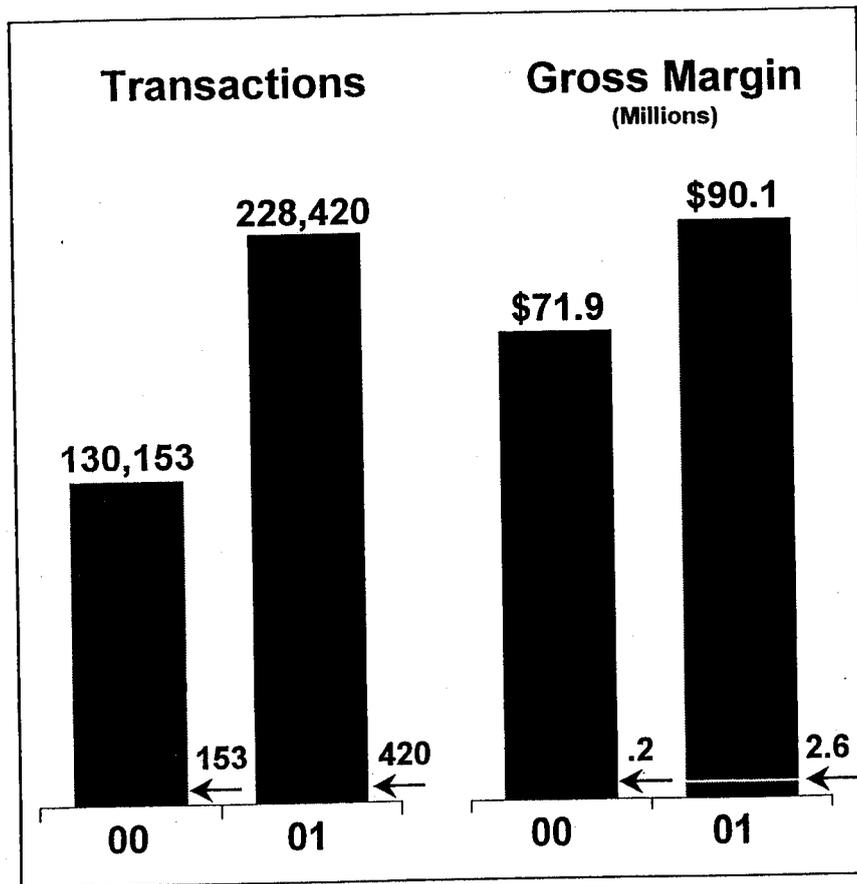


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Small Consumer Business – Europe

- Annual Energy Spend <\$10MM
- Highly Standardized
- Regional
- Commissioned Sales Force
- Call Center Support

YTD Results

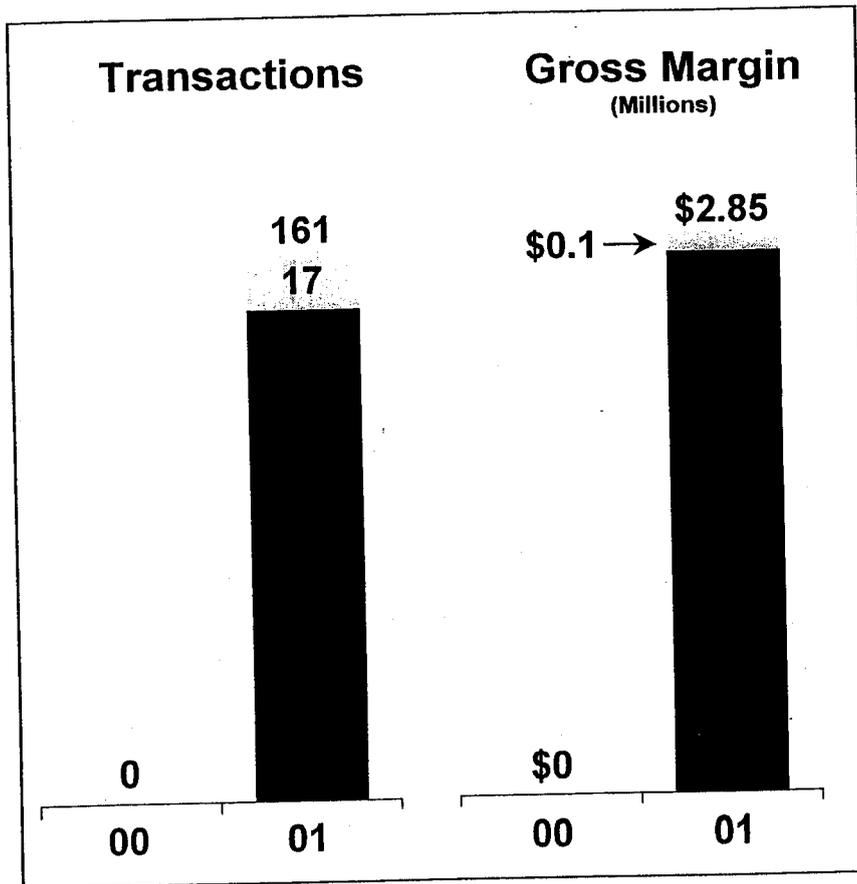


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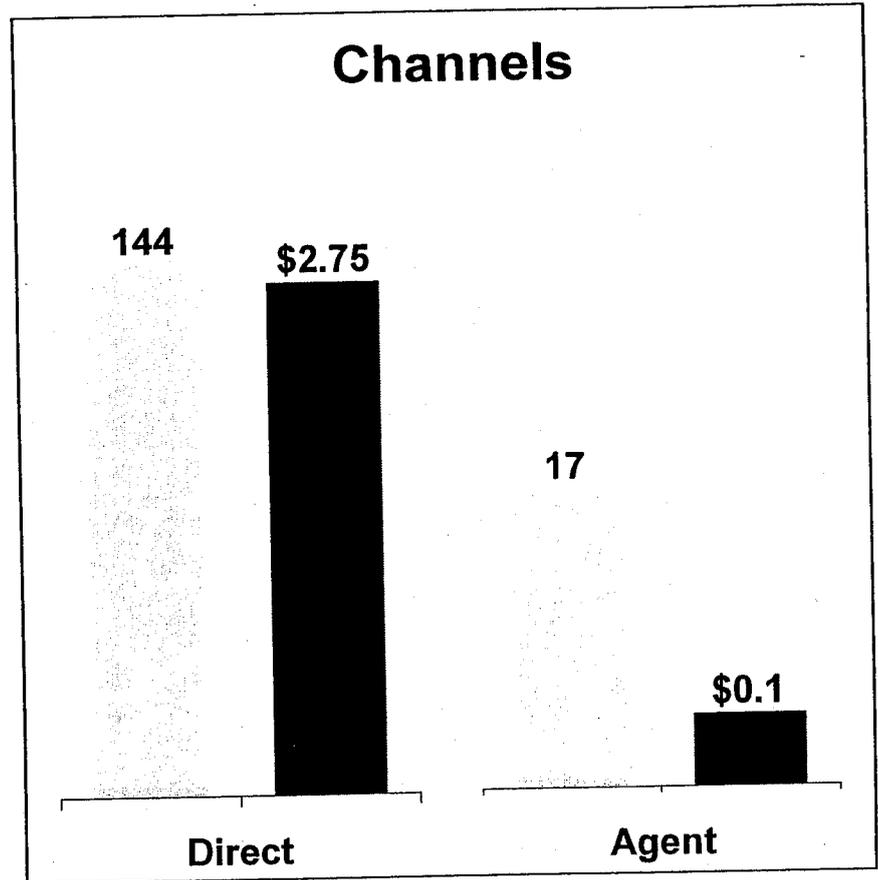
Small Consumer Business – Canada

- Annual Energy Spend <\$10MM
- Highly Standardized
- Regional
- Commissioned Sales Force
- Call Center Support

YTD Results



Ontario *Good opp*
 Alberta *Priority*



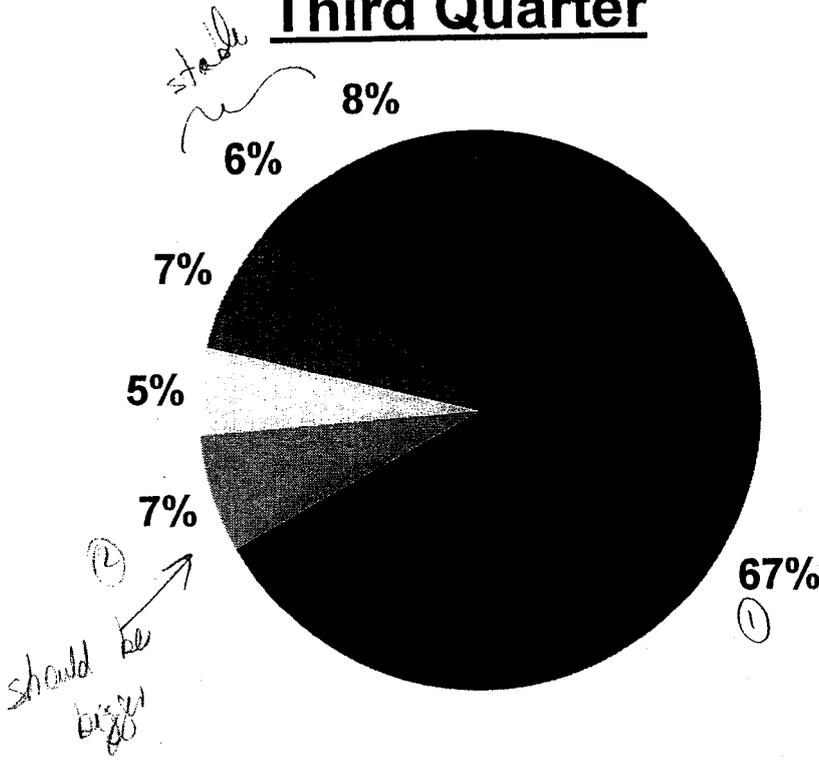
Transactions
 Gross Margin (Millions)

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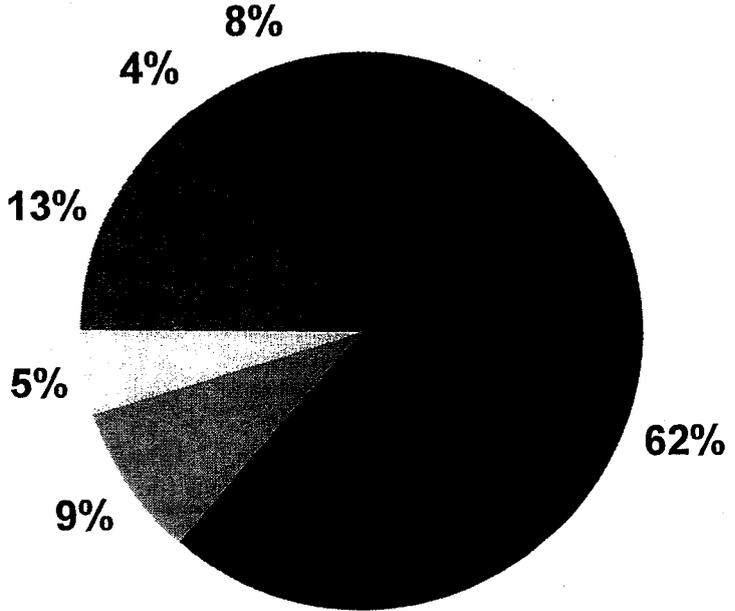
Global Product Mix

Percent of Gross Margin

Third Quarter



Fourth Quarter (E)



①	■ Power	<i>W, MA, TV</i>	②	■ DSM
③	■ Natural Gas		④ } <i>tie</i>	■ Facility Services
⑤	■ Tariff	<i>Problem</i>		■ Construction Services

Back - Profit Partner →

Fuel SO SO Comm Non Com Bal w Gas/Power Bal w Lg/Small

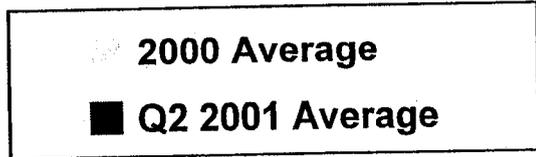
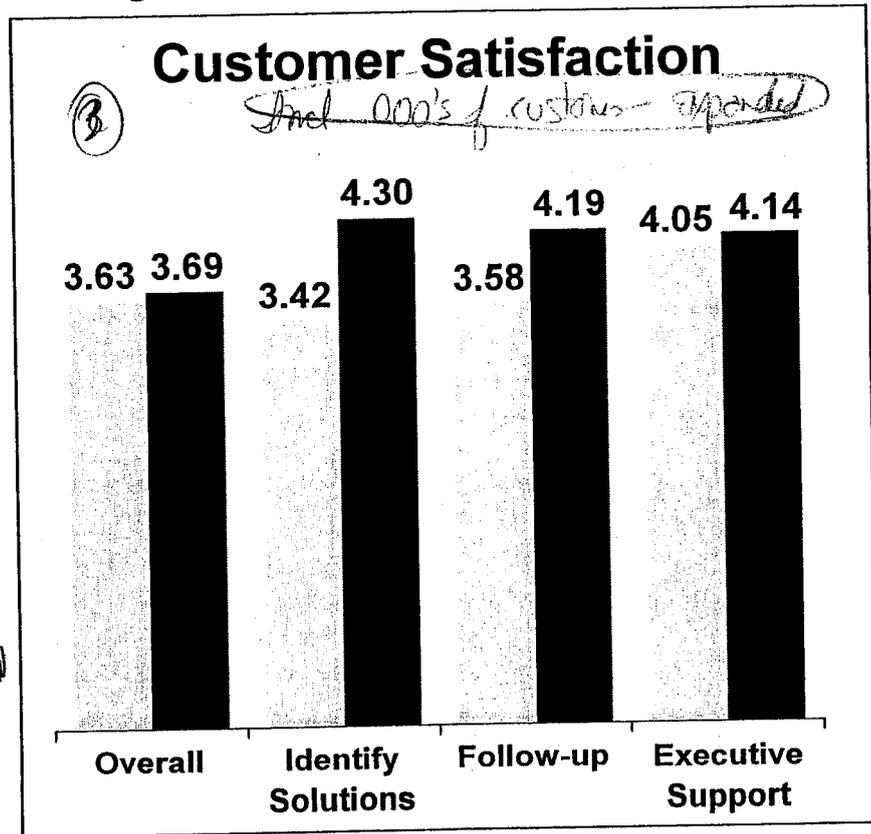
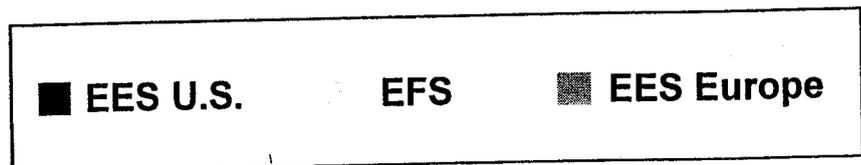
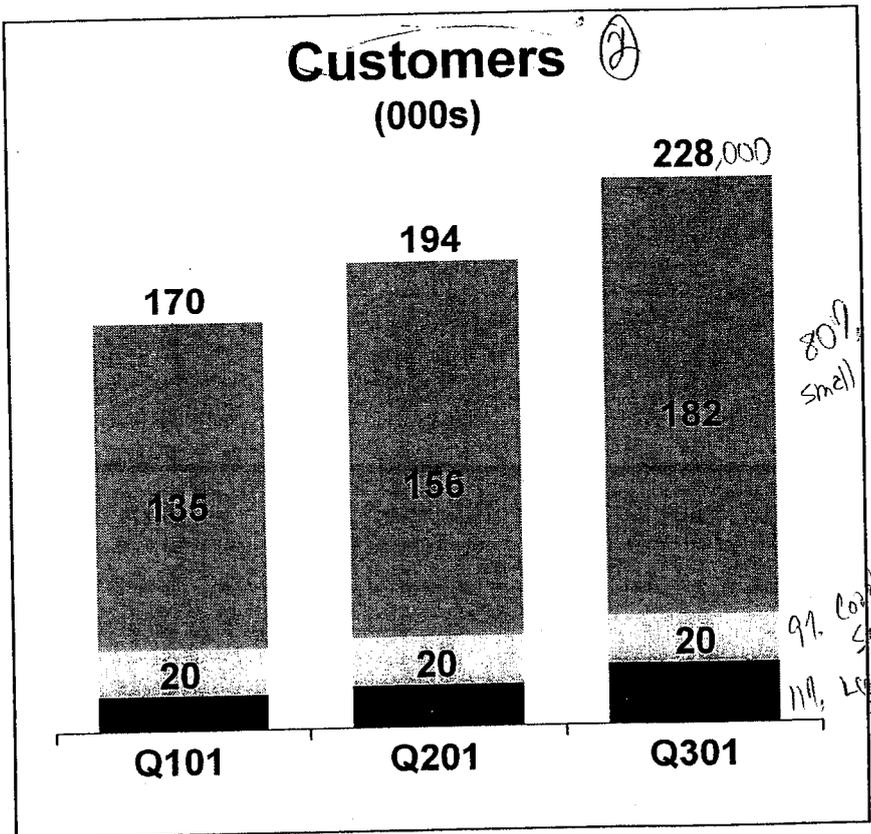
den

225,311

Services

- Client Management
- Contract Compliance
- Customer Issues Management
- Call Center Management

- Billing
- Customer Enrollment and Set-up
- Ensures Customer Satisfaction
- Manages Maintenance Costs

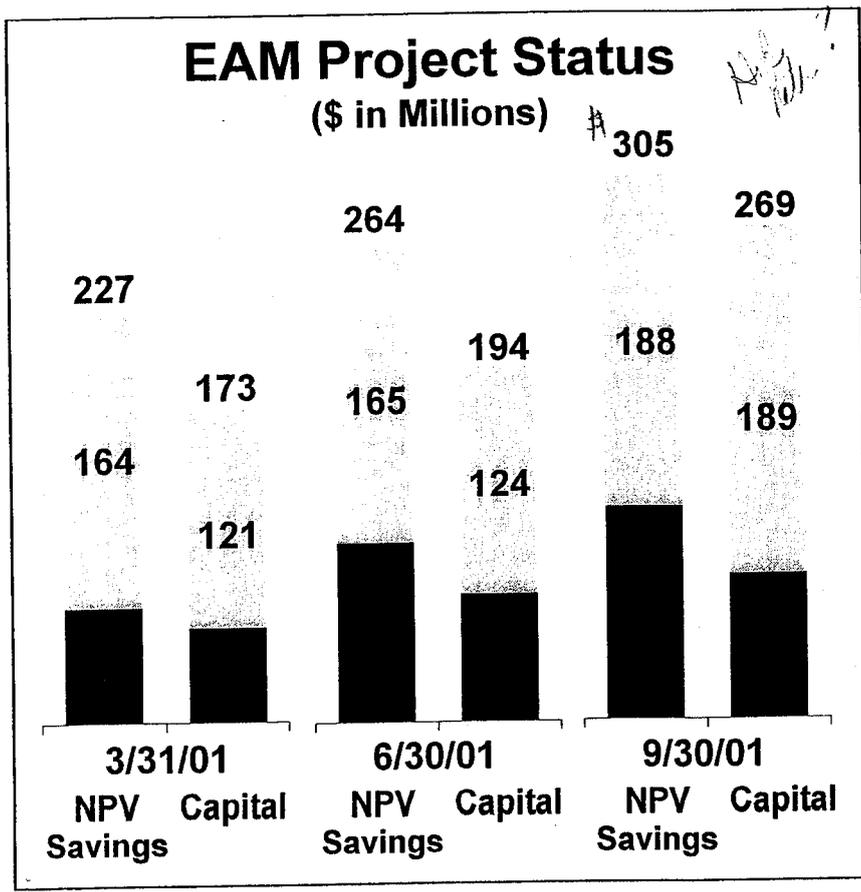


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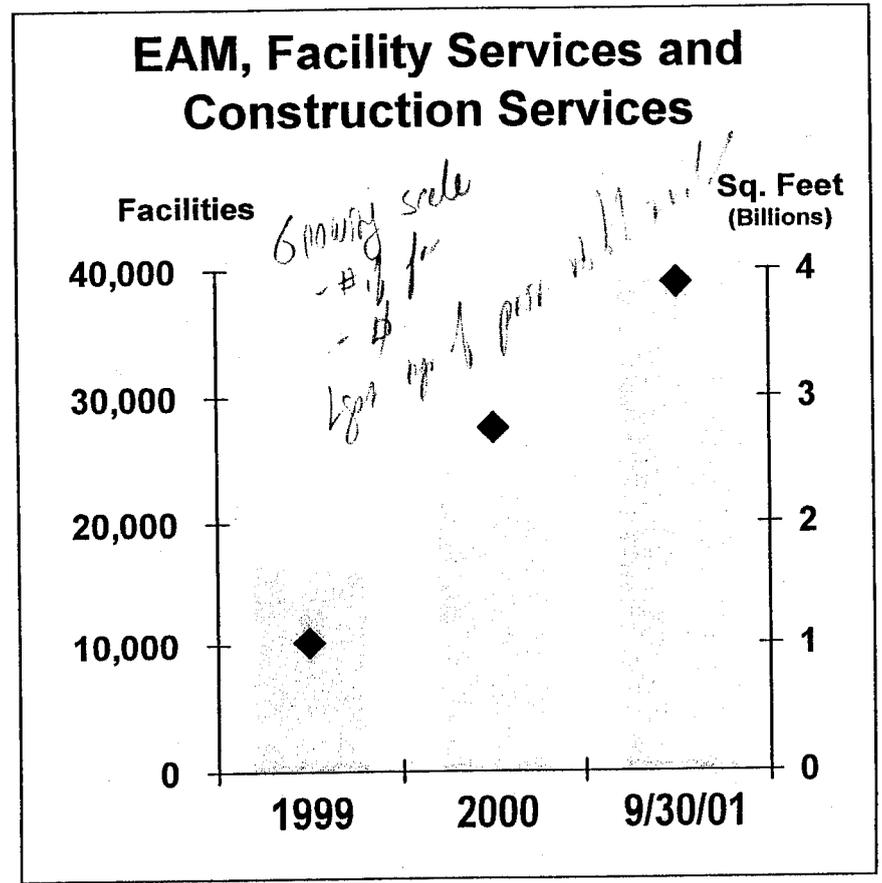
Energy Asset Management

*o New & deliv
 include existing
 assets manage overall*

- Products: DSM, Load Curtailment, Distributed Generation, Facility Services
- Pricing, Delivery, Execution and Verification
- Performance Measurement
- Syndication and Sourcing



■ Complete ■ In Progress



■ Facilities ◆ Square Feet (Billions)

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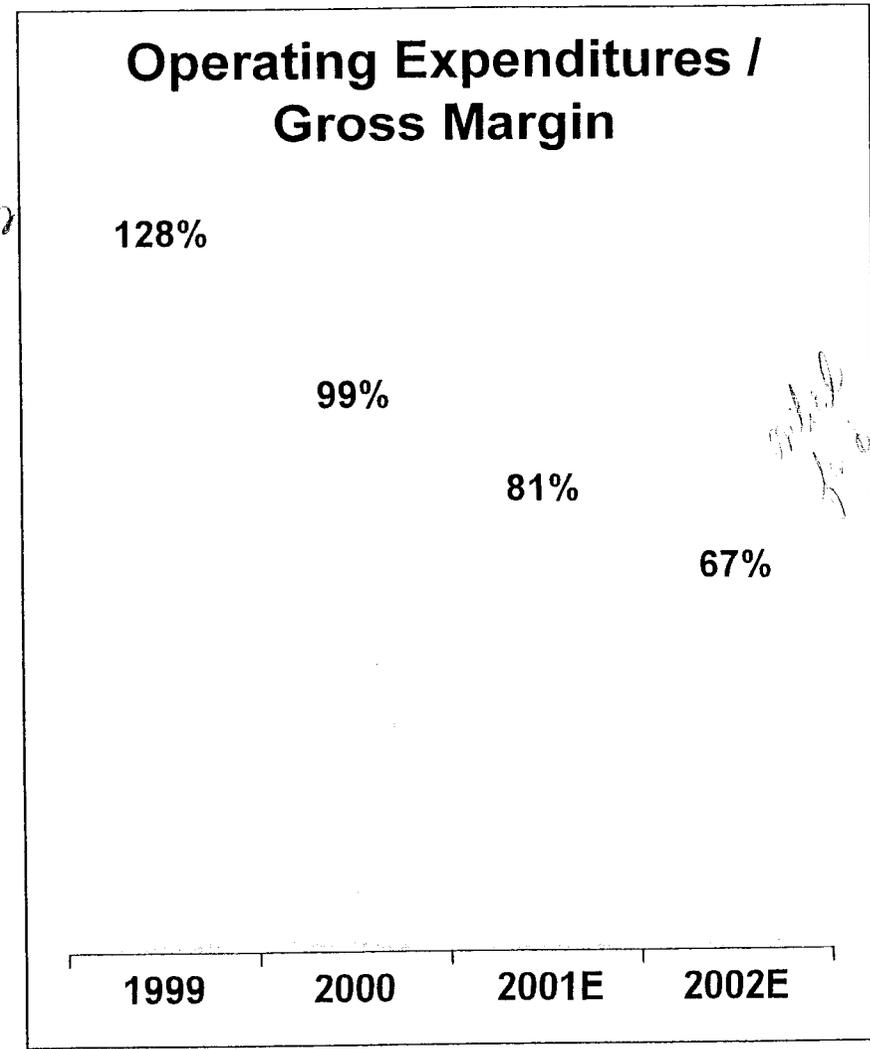
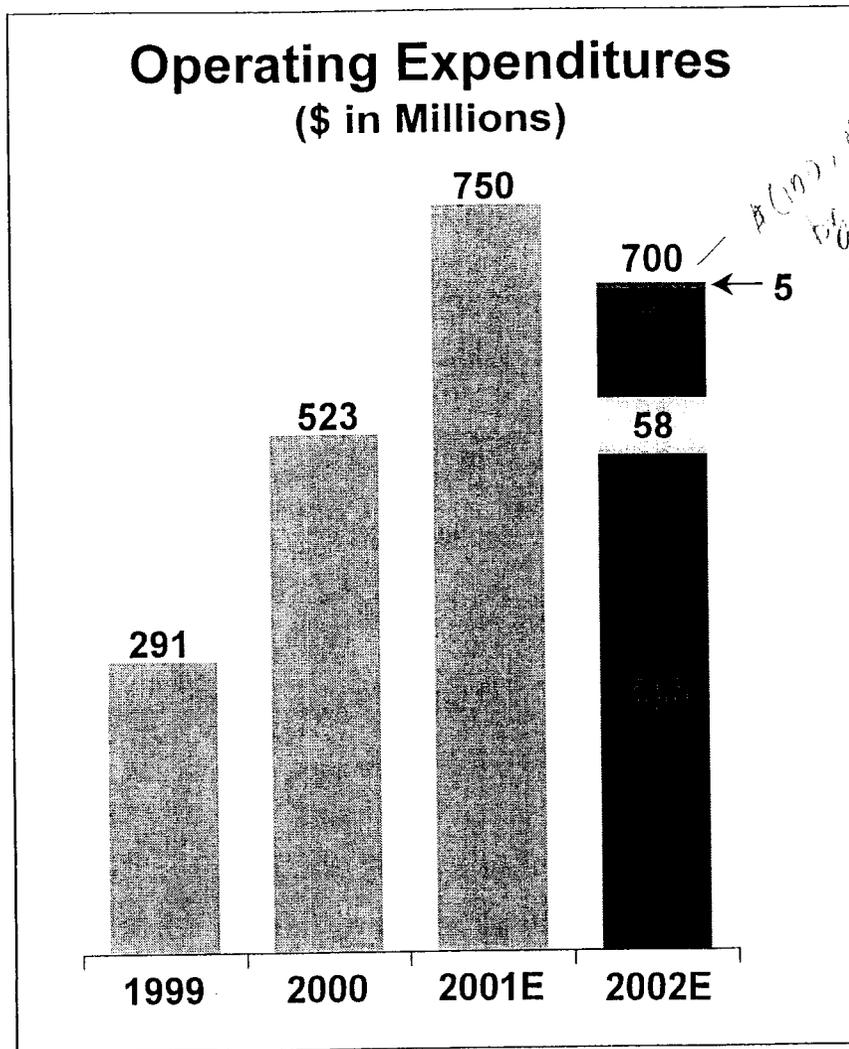
Risk Management

*Transition to
Wholesale
only 10/1*

- **Commodity Risk Management Services**
 - Power
 - Gas
 - Tariff
- **Logistics**
- **Back-Office**
- **Risk Analysis**
- **Deal Capture and Validation**

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Cost Structure



U.S. EFS
 Europe TNPC
 Canada

EC37349A0030469

Dail

Closing Remarks

- **Clean-up “Legacy” Issues**
 - “Re-tooling Plane In Flight”
- **Reducing Capital Intensity**
 - Lease for DSM
 - Clean-up Accounts Receivable
- **Business Model Implemented: Working**
- **Reducing Costs**
- **Margin Recognition at the Offer and Eliminated the Sales Incentive Program for the Large Consumer Business**
- **Customer Service and Commissions Removed from Margin and Reserved**

- Expand cust. base
- Scale
- Debt "legacy"
- Free up capital
- Reduce cost
- SIP - TCV incentive removed CF + ~~IB~~
earnings key

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Closing Remarks

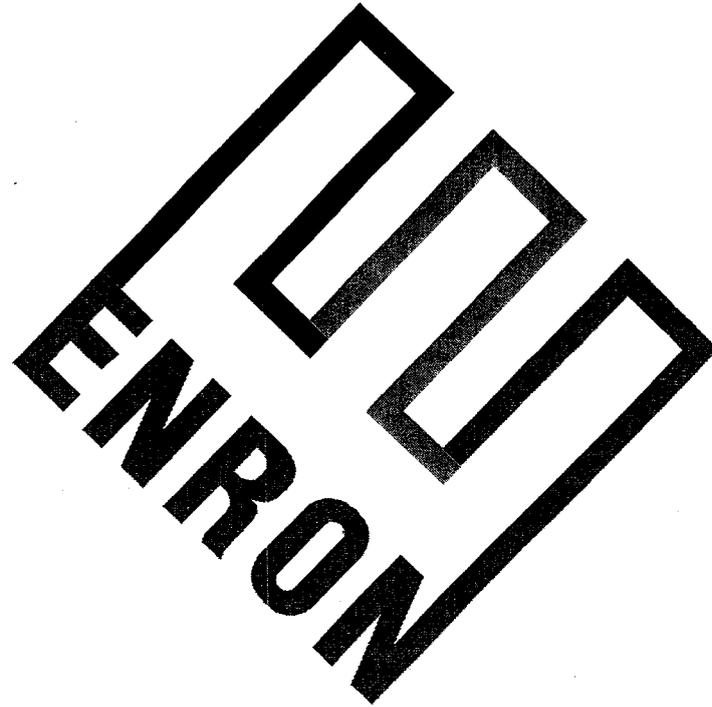
- **Driving into New Markets: Geographic and Segment**
- **Driving New Products**
 - **Increased Focus on Gas, Energy Services and Other New Products Under Development**
- **Ensuring High Quality and Scalable Execution**
- **Mining the Portfolio**

- **Equals**
 - **Increased Customer Satisfaction**
 - **Increased Growth**
 - **Increased Profitability**

EC37349A0030471

QVA

Rev 0 List of M. -ooling
a Good Progress



Enron Energy Services

EC37349A0030472



Enron Americas

EC37349A0030473

Agenda

JL

- **Business Principles**
- **Financial Results**
- **Gas & Power Fundamentals**
- **North America Business Discussion**
- **Retail Risk Management Discussion**
- **South America Merchant Discussion**

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Fleming entered

Business Principles

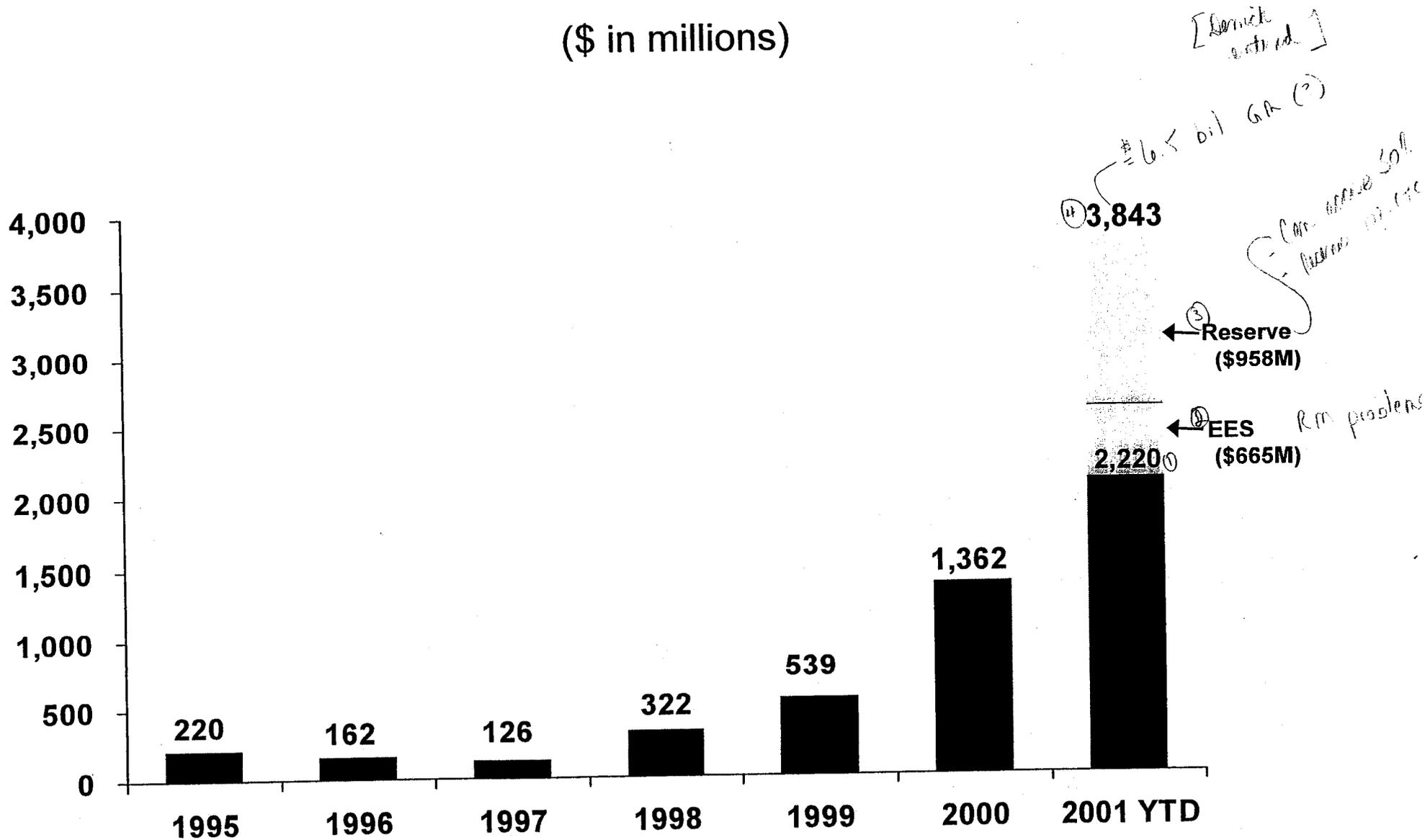
(Merchant Natural Gas and Power Business)

- **Goals are to expand and enhance our capabilities in:**
 - RECRUIT AND RETAIN THE BEST TALENT
 - CONSTANTLY EXPAND LIQUIDITY - PRODUCTS AND LOCATIONS
 - BE THE LEADING MARKET MAKER
 - COVER ALL THE WHOLESALE CUSTOMERS TO ENSURE SIZEABLE DEAL FLOW
 - CONTINUALLY EXPAND OUR OUTSOURCING RELATIONSHIPS
 - CREATE A WORLD CLASS INTERNAL RESEARCH CAPABILITY
- **ACCOMPLISHING THESE GOALS LEADS TO:**
 - THE ABILITY TO IDENTIFY AND EXECUTE HIGHLY STRUCTURED TRANSACTIONS
 - THE ABILITY TO SUCCESSFULLY TAKE POSITIONS ON MARKET DIRECTION *good & consistent*

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Enron North America EBIT Without Reductions

(\$ in millions)

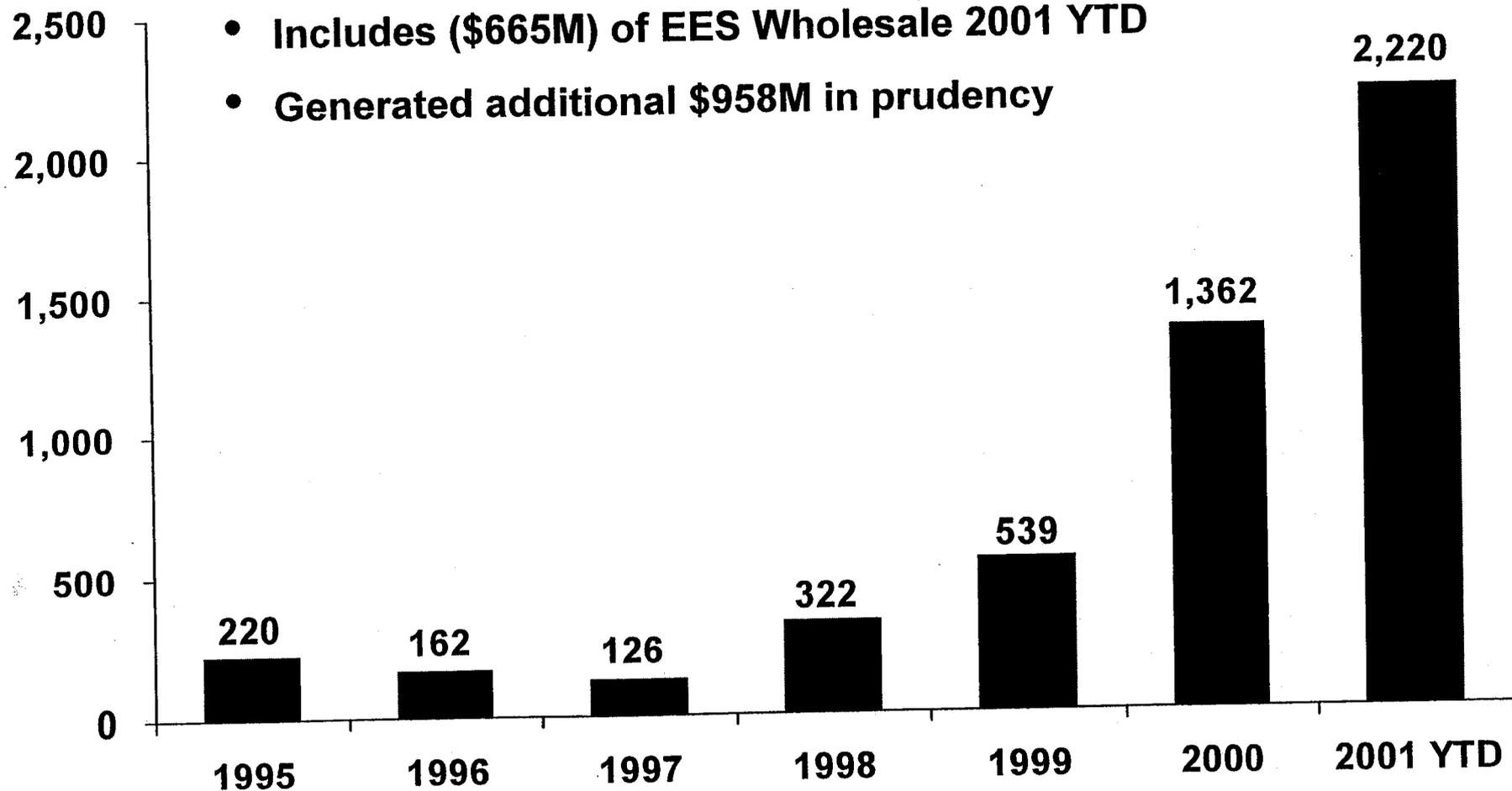


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Enron North America EBIT

(\$ in millions)

- EGM and EIM transferred out 3Q 2000
- Includes (\$665M) of EES Wholesale 2001 YTD
- Generated additional \$958M in prudence



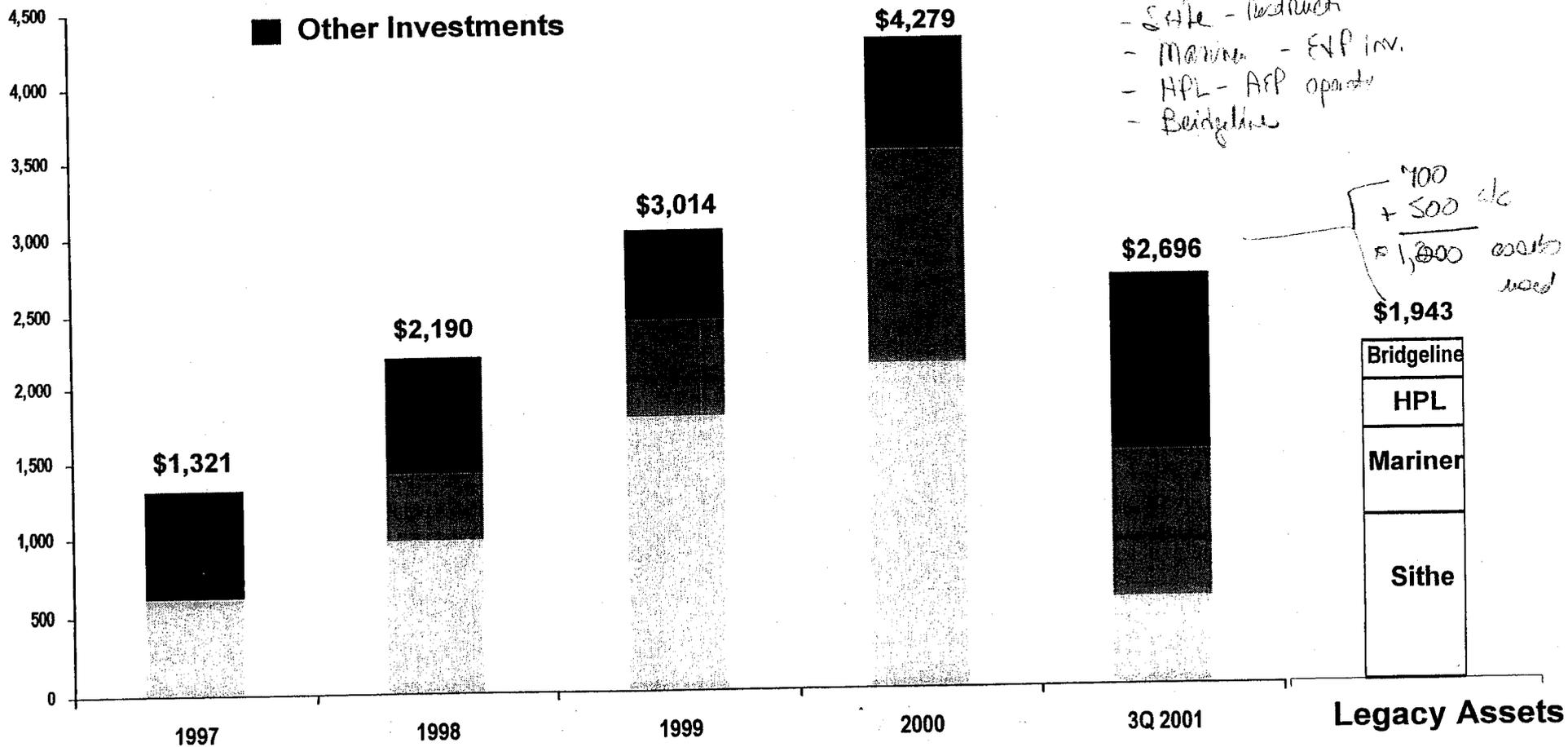
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Enron North America Net Assets

(excludes Retail Risk Management)

(\$ in millions)

- Property, Plant & Equipment
- ▒ Merchant Assets
- Other Investments



EC37349A0030478

Financial Highlights

(\$ in millions)

	<u>Total Year 2000</u>	<u>9/30 YTD 2001</u>		
	<u>EA</u>	<u>EA</u>	<u>EES W</u>	<u>YTD</u>
Earnings Before Interest & Taxes	\$ 1,362	\$ 2,885	\$ (665)	\$ 2,220
Funds Flow	\$ 937	\$ 2,101	\$ 30	\$ 2,131
Cash Flow from Operations	\$ 2,988	\$ (36)	\$ (538)	\$ (574)
Capital Deployed*	\$ 3,252	\$ 3,194	\$ 750	\$ 3,944

(Act low due to merger creating 1ge Wic)

① 20% collected in deposits

② 1m 13 Bk cost

③

*Excludes Goodwill and HPL FV \$3.0B

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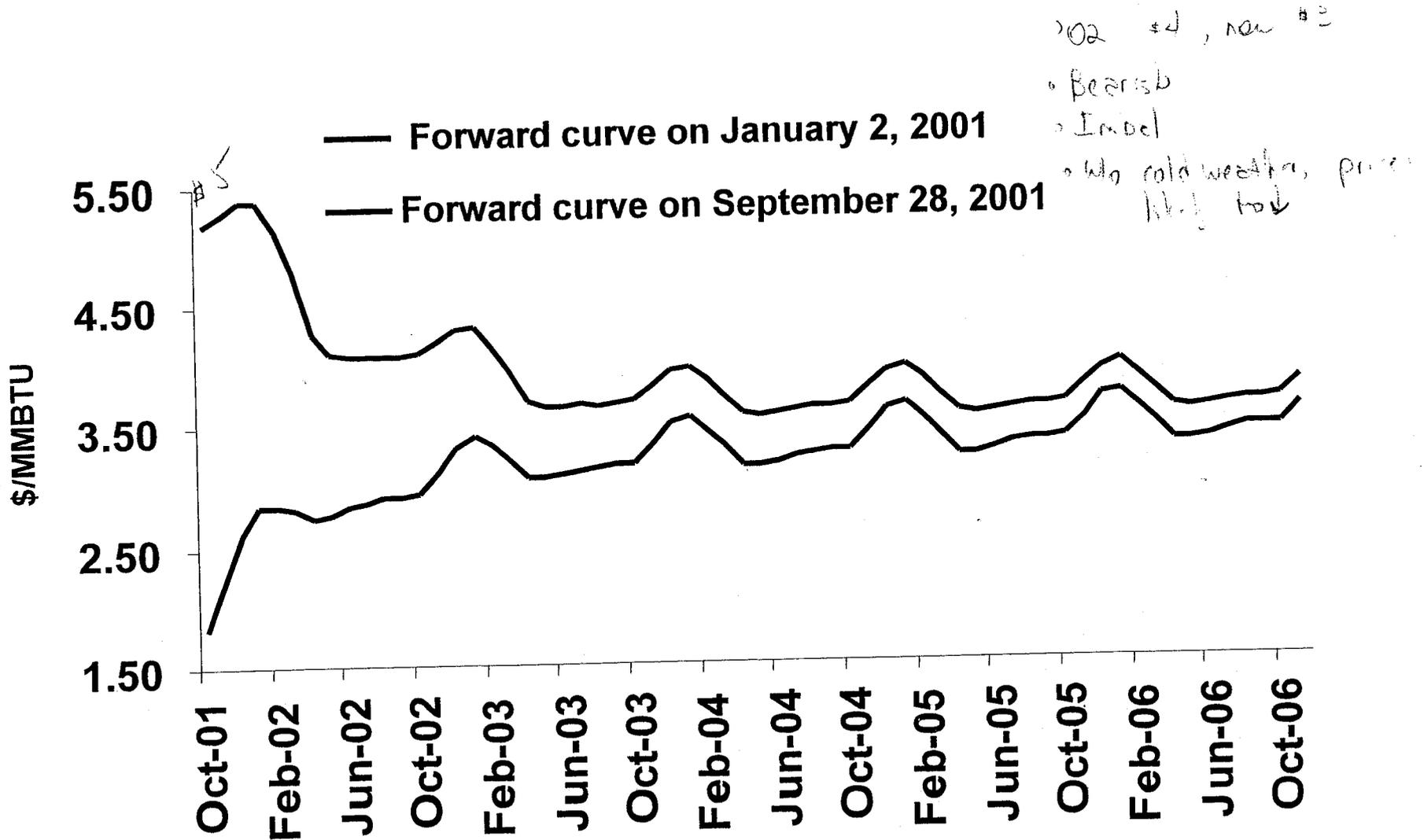
Key Fundamental Events Gas Market

- Gas rig count peaked at ^{71,000} 1,058 in July 2001
 - Domestic production of gas increased by 2 Bcf/day
- 2.5 Bcf/day of industrial gas demand was lost from March 2000 to January 2001 ^{fertilizer}
- Injected 2,130 Bcf this season; 4.9 Bcf/day more than last year

LNG ↑ 800 mtd fm 200 ; now drops

EC37349A0030480

NG Forward Curve Comparison



EC37349A0030481

Key Fundamental Events East Power

- **Supply Factors**

- Over 60,000 MW of gas-fired generation came on in the last 21 months
- Nuclear generation up by 5.8% over 2000 – 4,364 MW

- **Demand Factors**

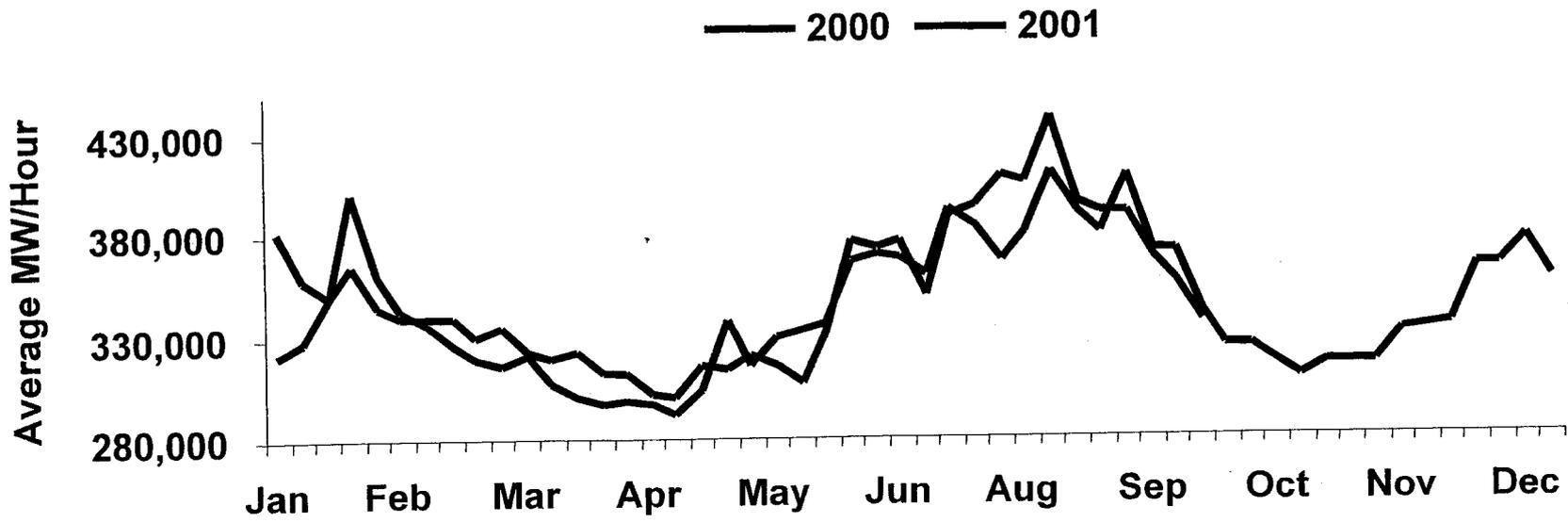
- Lower than expected load growth – 1-2% actual vs. 4-5% forecast
- Slowing economy/ Industrial recession

- **Stabilizing prices**

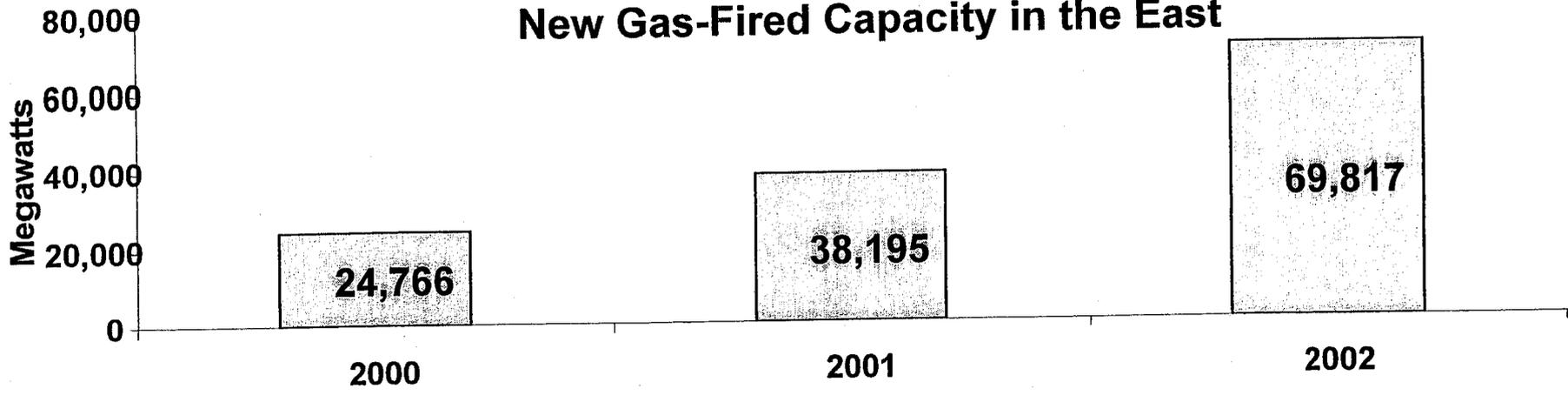
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Eastern Interconnect Demand (Average MW/Hour)

SKIP

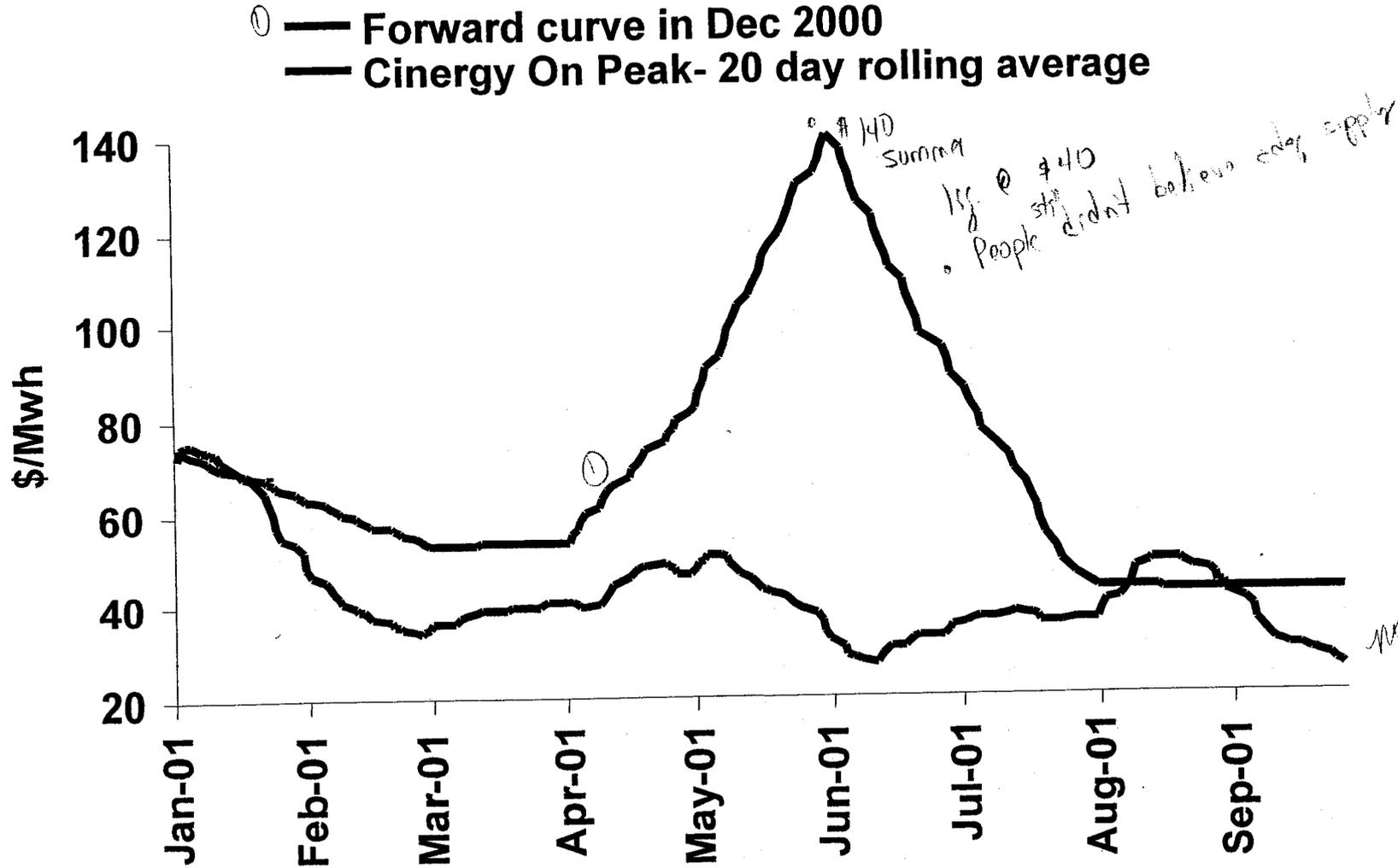


New Gas-Fired Capacity in the East



EC37349A0030483

U.S. Power Price Volatility - East



EC37349A0030484

Key Fundamental Events West Power

- **Supply factors**

- Added 9,000 MW of gas-fired generation over the last 21 months
- Nuclear utilization up 2,300 MW vs. 2000
- Hydro down 8,500 MW vs. 2000

➤ **Net + 3,000 MW more supply**

*Dropped demand
P&P co.
slow economy*

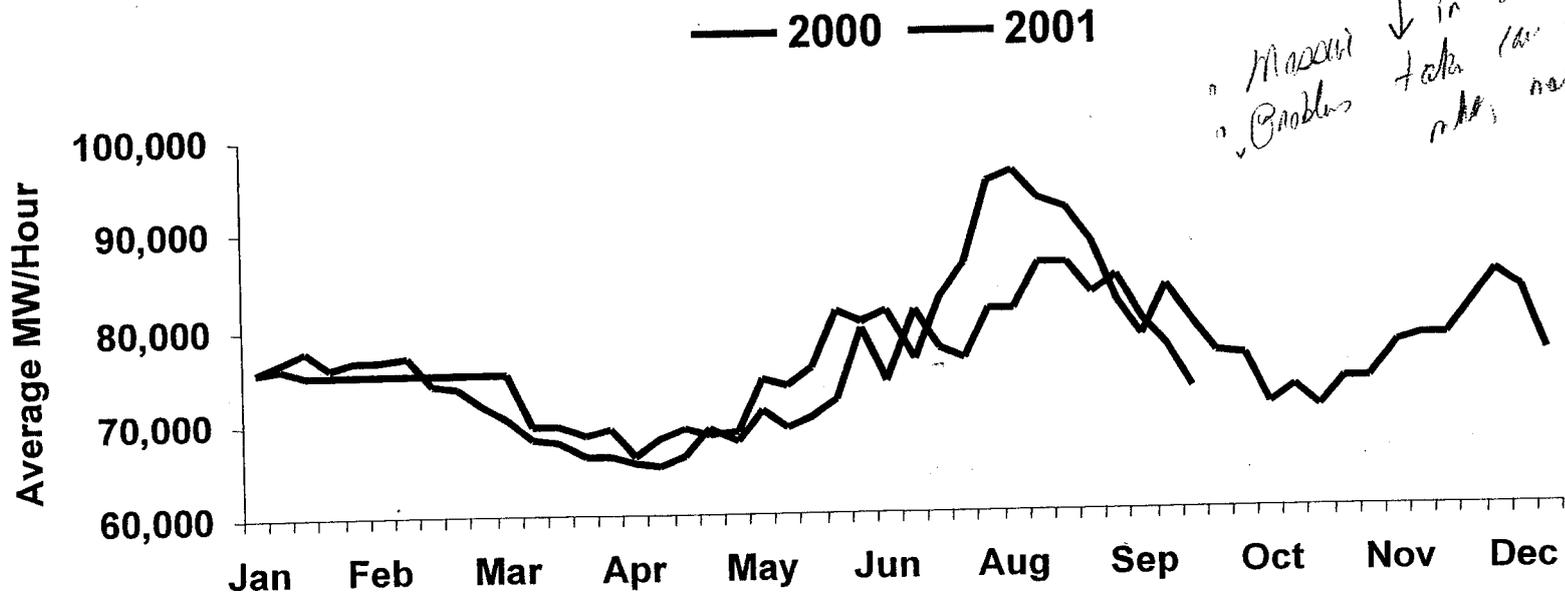
- **Demand**

- Lost 2,300 MW due to residential/commercial conservation
- Lost 1,500 MW from load shedding in Pacific Northwest
- Lost 1,000-3,000 MW due to slowing economy
- Added 1,000 MW due to hotter summer than 2000

➤ **Net 5,000 MW less demand**

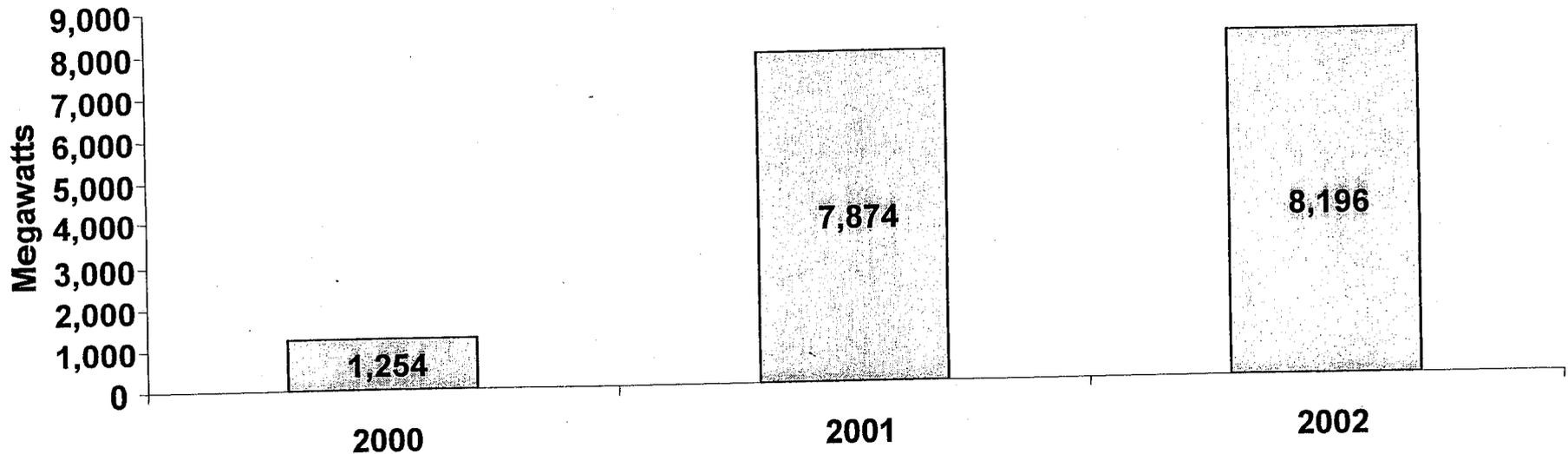
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WSCC Demand (Average MW/Hour)



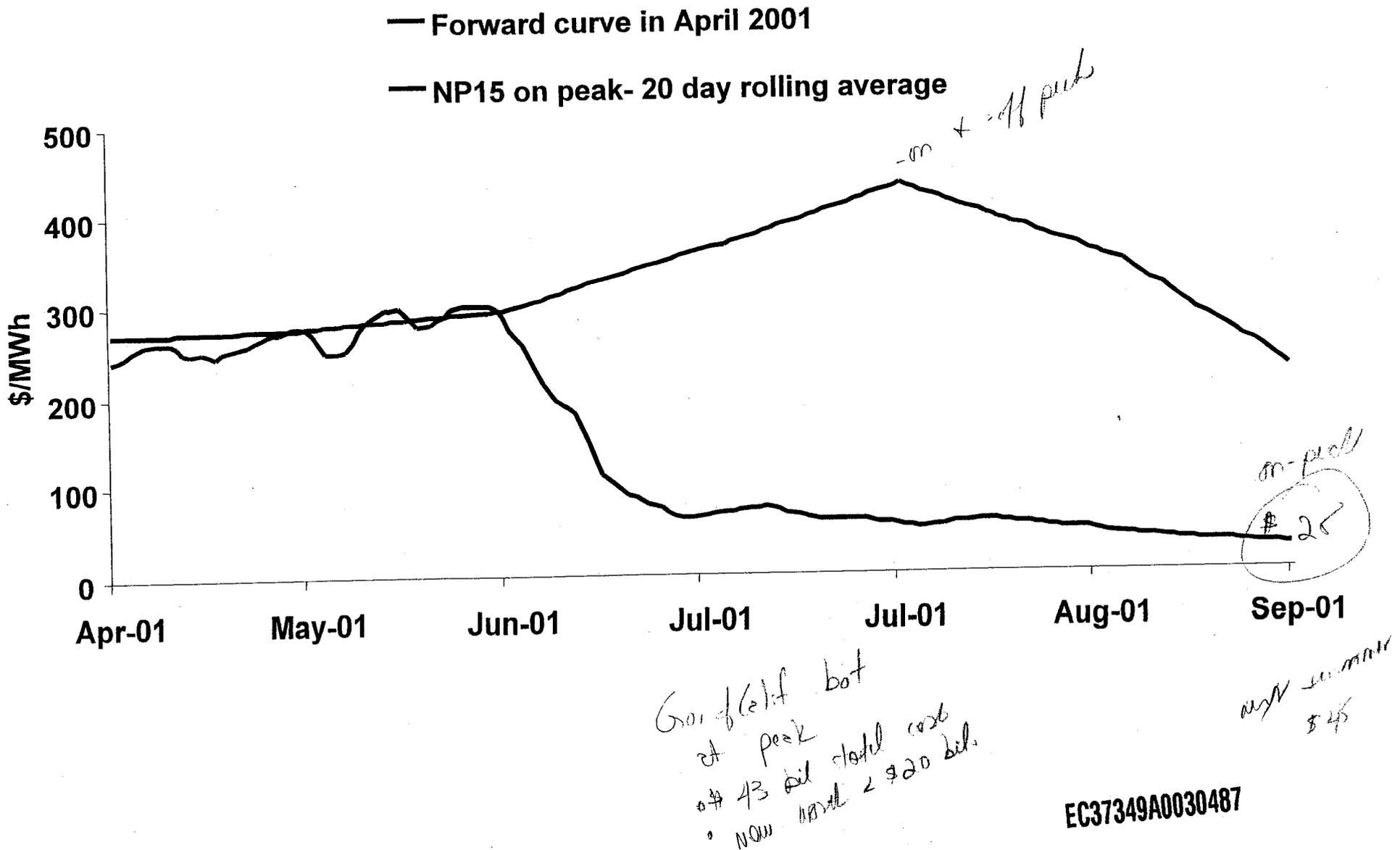
*Mazoni
Cables
↓ in dem
↑ in sup
by
ref.*

New Gas-Fired Capacity in the West



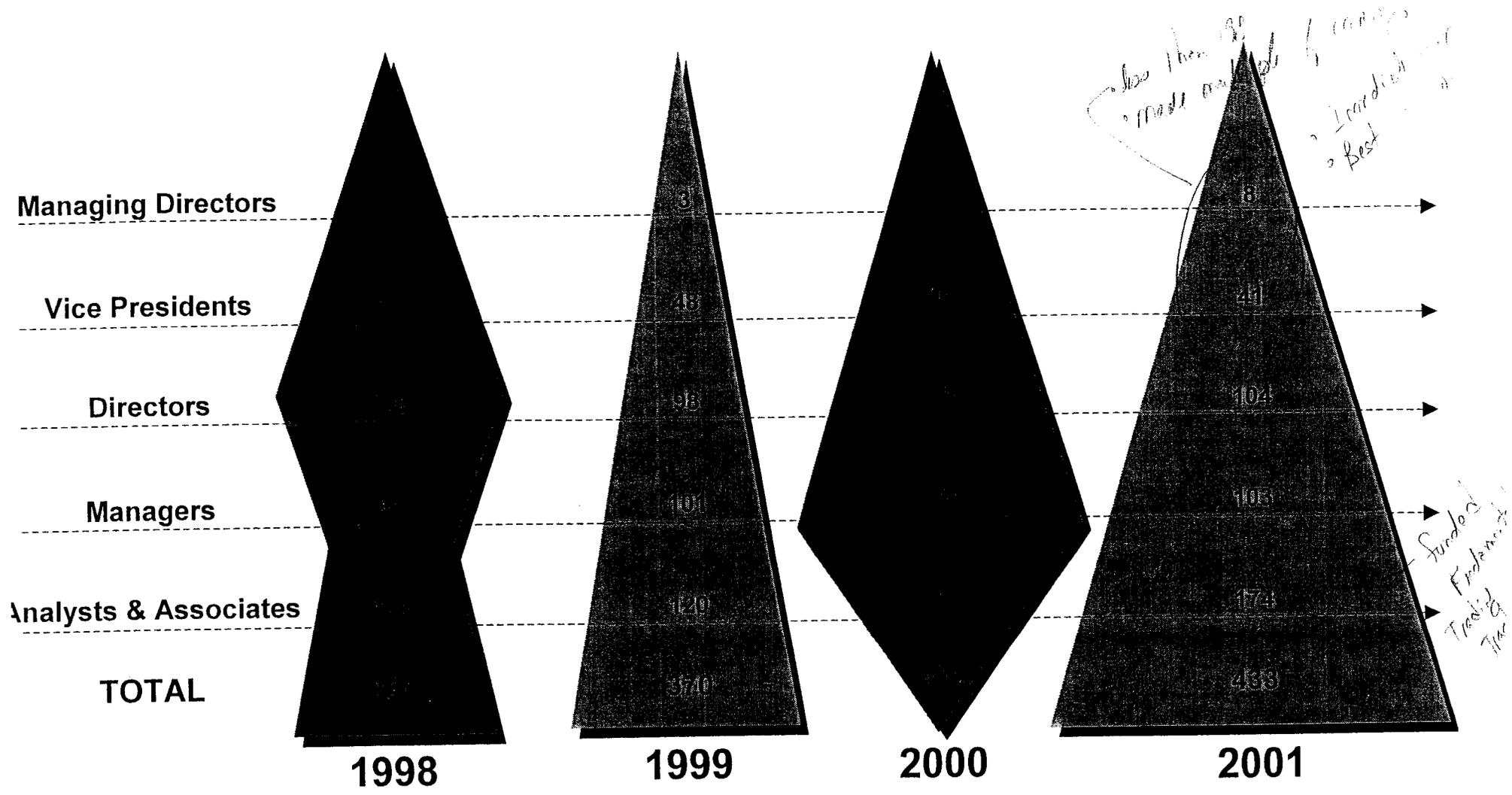
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U.S. Power Price Volatility - West



and ERM & ERM

Enron North America Commercial Headcount



EC37349A0030488

Employment Agreement Statistics

	Overall Totals		Agreement Details 2001		
	Number in Job Group	% Under Employment Agreement	Signed Employment Agreements	Total Cash	Total Equity
Mng. Directors	8	83%	6	\$1,100,000	\$1,750,000
Vice Presidents	41	80%	20	\$1,700,000	\$1,640,000
Directors	104	44%	26	\$1,530,000	\$3,170,000
TOTAL	150	70%	51	\$3,630,000	\$15,365,018

2 yrs. Non competes

↑
 • Top people signed for 100% with \$5
 • discussed retention

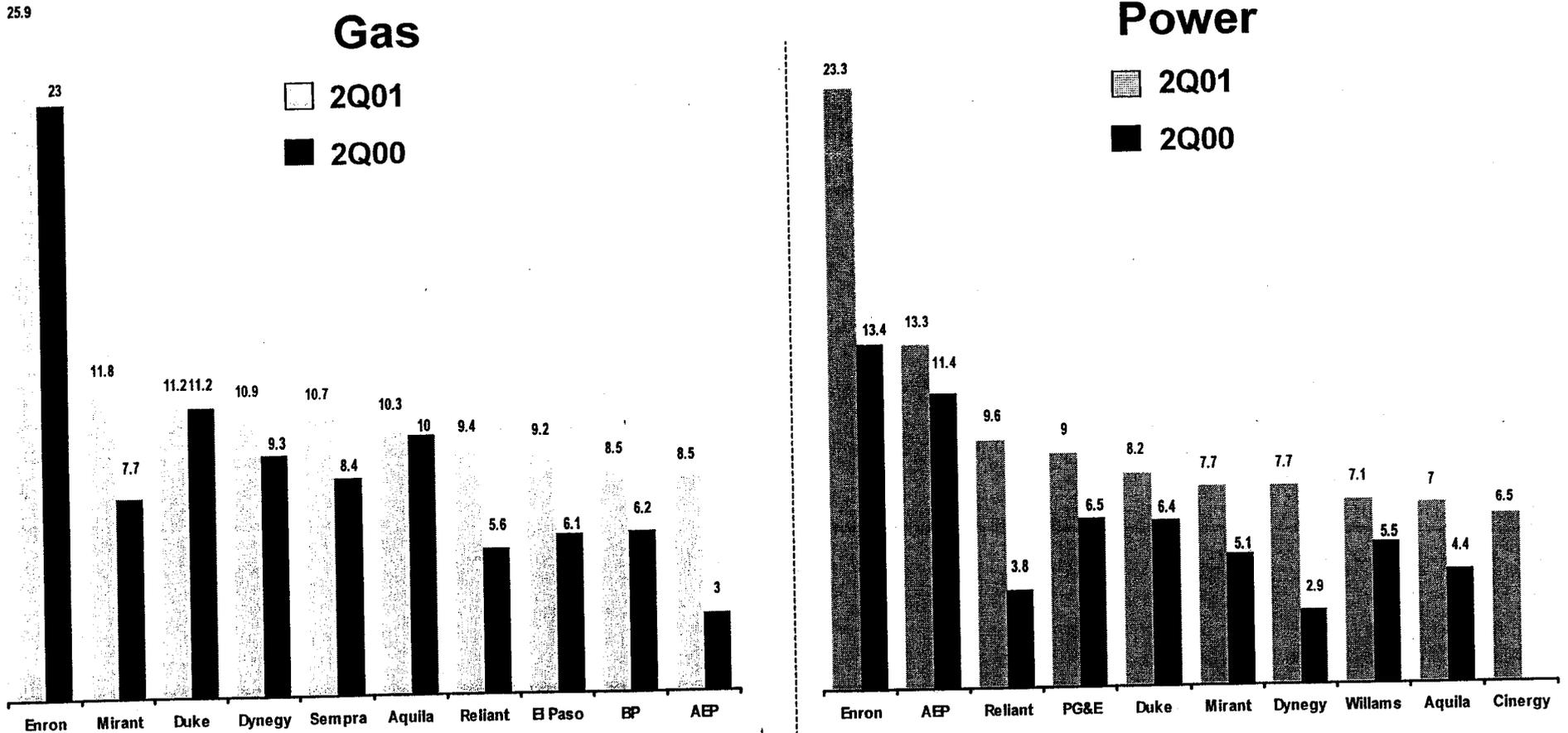
#60, 50% options
 ↓

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Enron's Leading Market Position

Second Quarter 2000 vs Second Quarter 2001

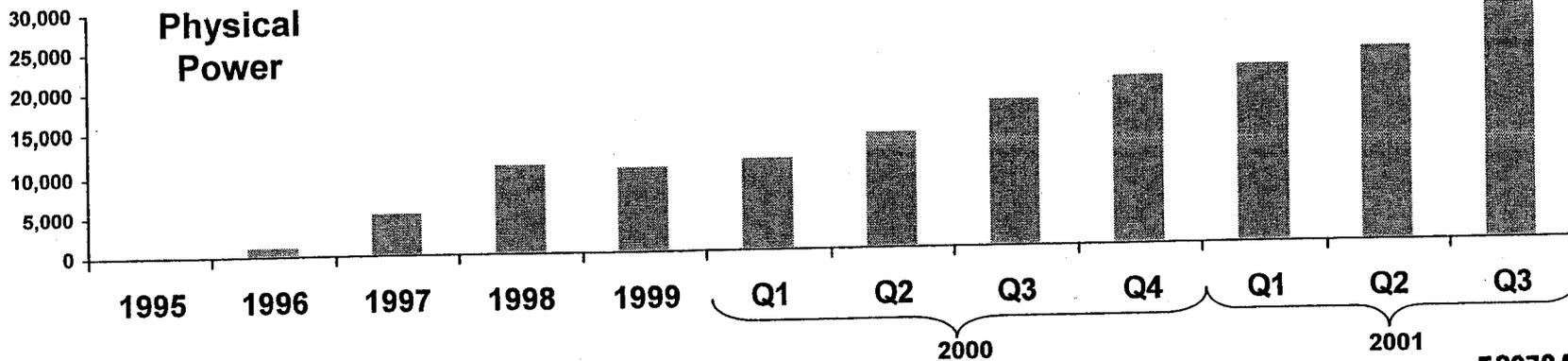
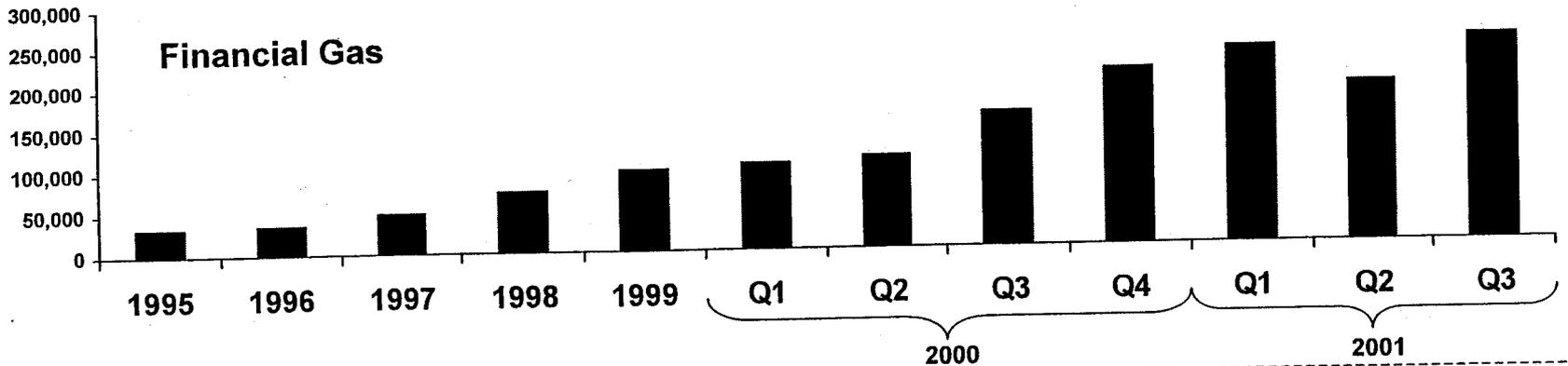
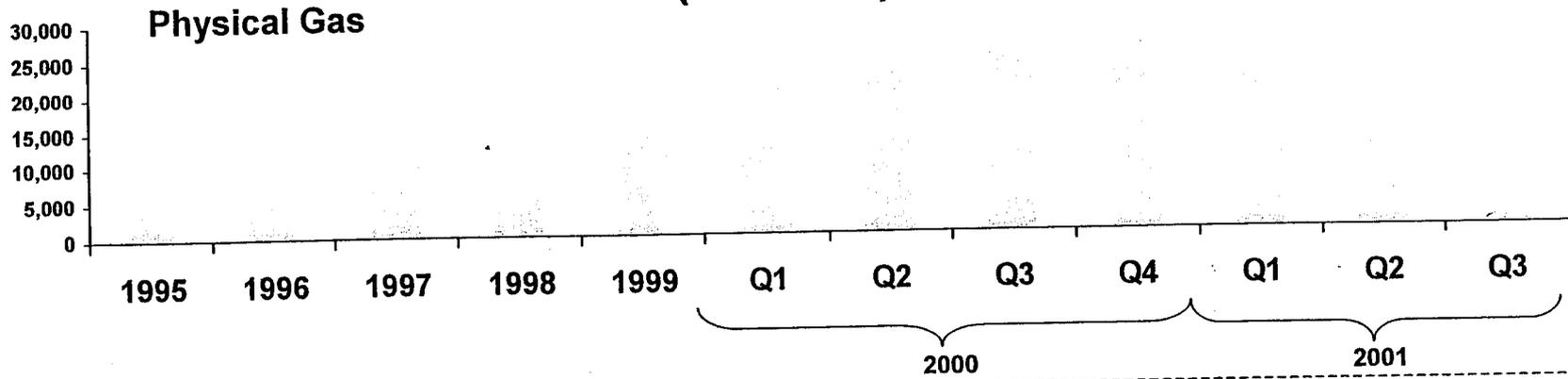
(TBtue/d)



o Definitely lead market - risk
 o Whole mkt expanding; increasing
 dif. good for everyone
 o 2001 caused mkt. to update

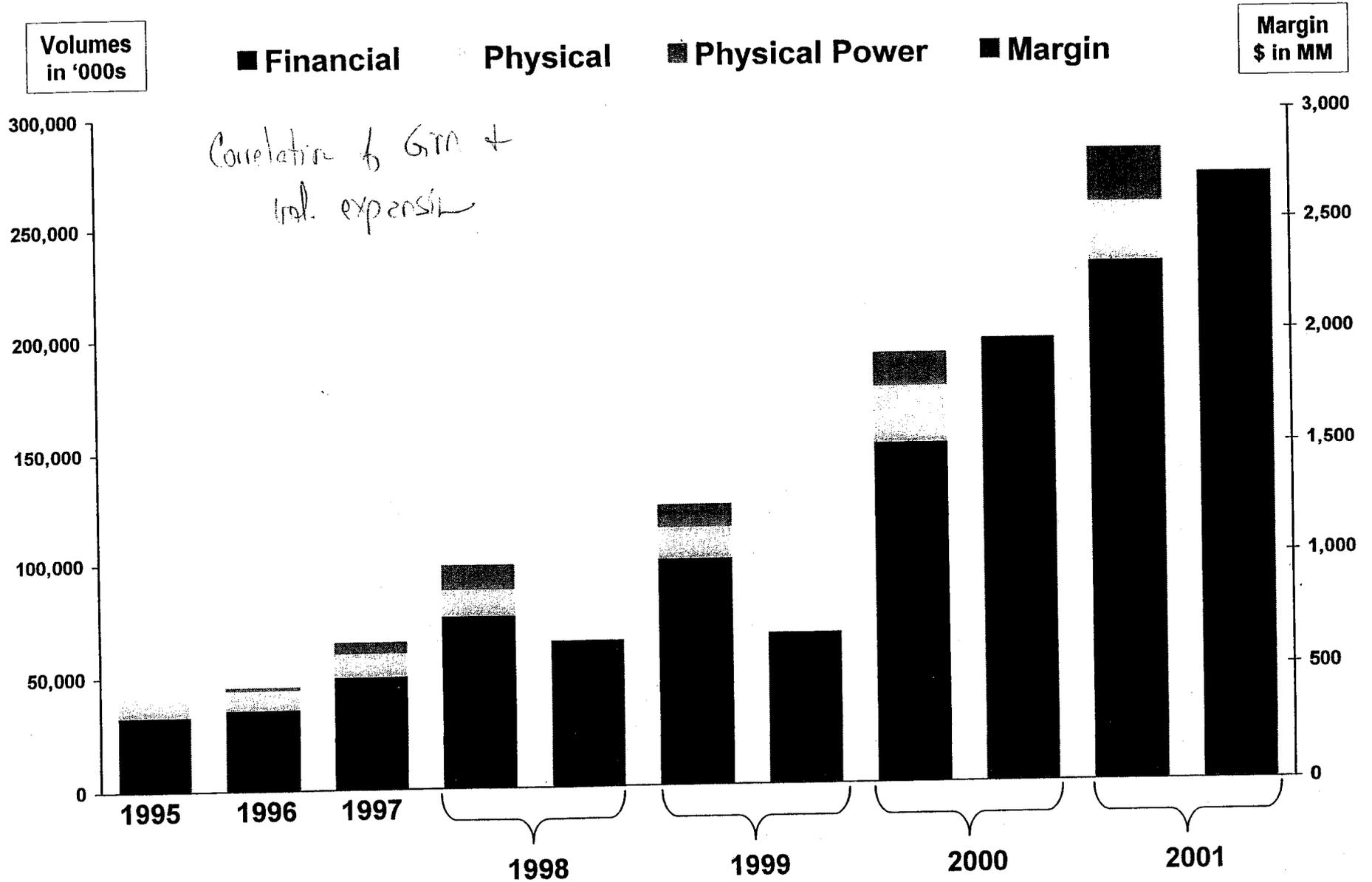
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Enron North America Volumes (Bbtue/d)



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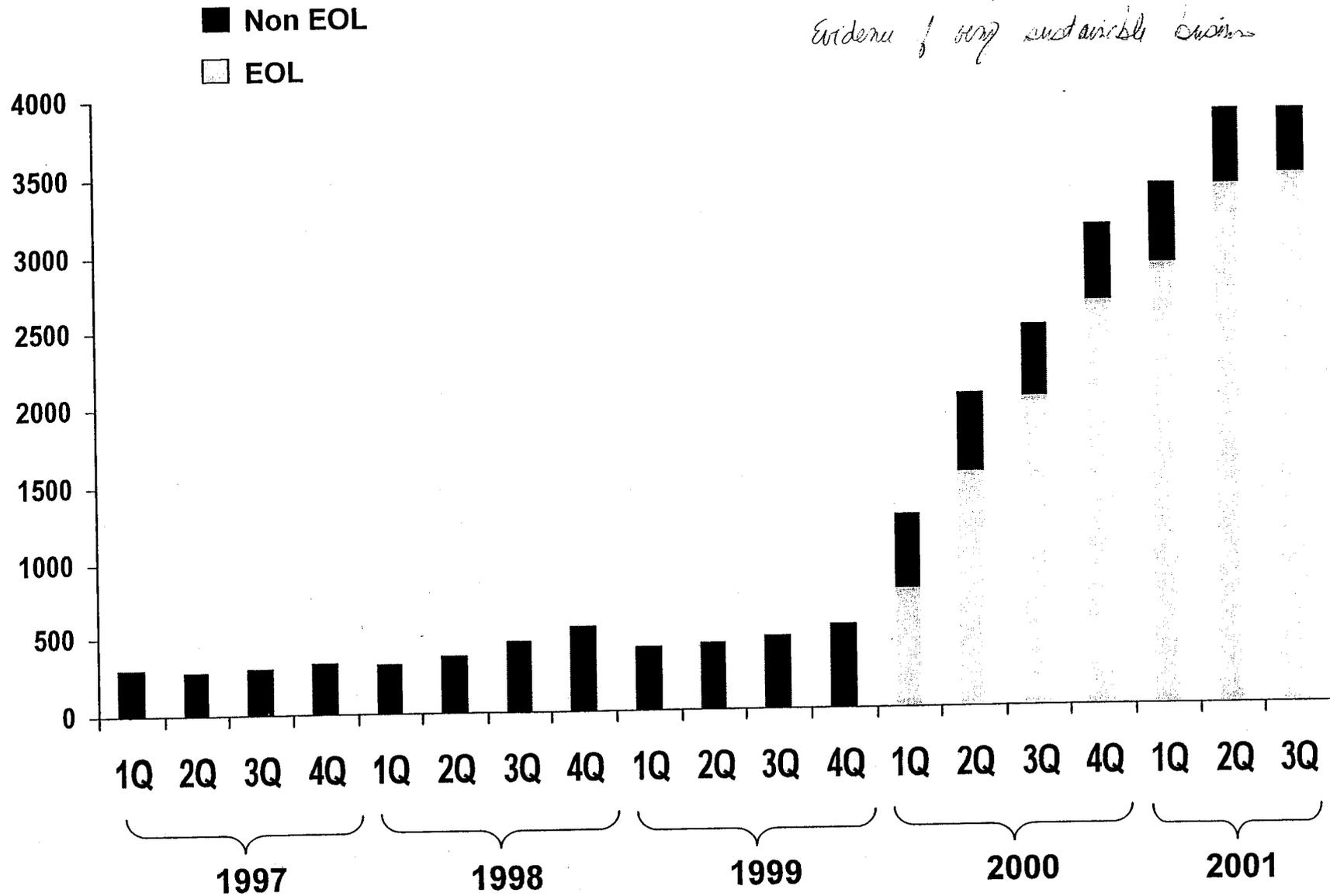
Enron North America Volumes (Bbtue/d)



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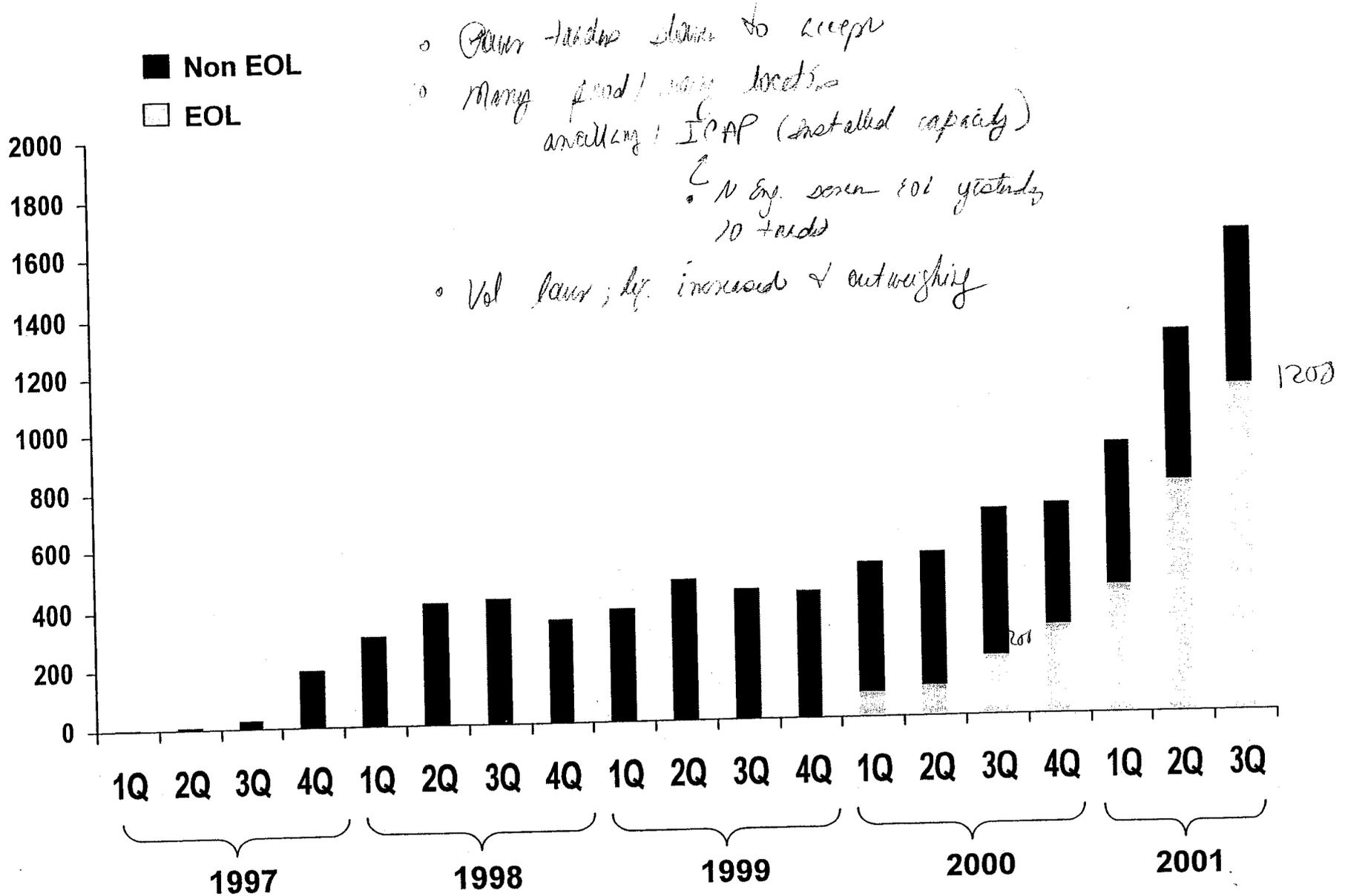
Enron North America Gas Transactions Per Day

*Gives sense of mkt. strength
Evidences of very sustainable business*



EC37349A0030493

Enron North America Power Transactions Per Day



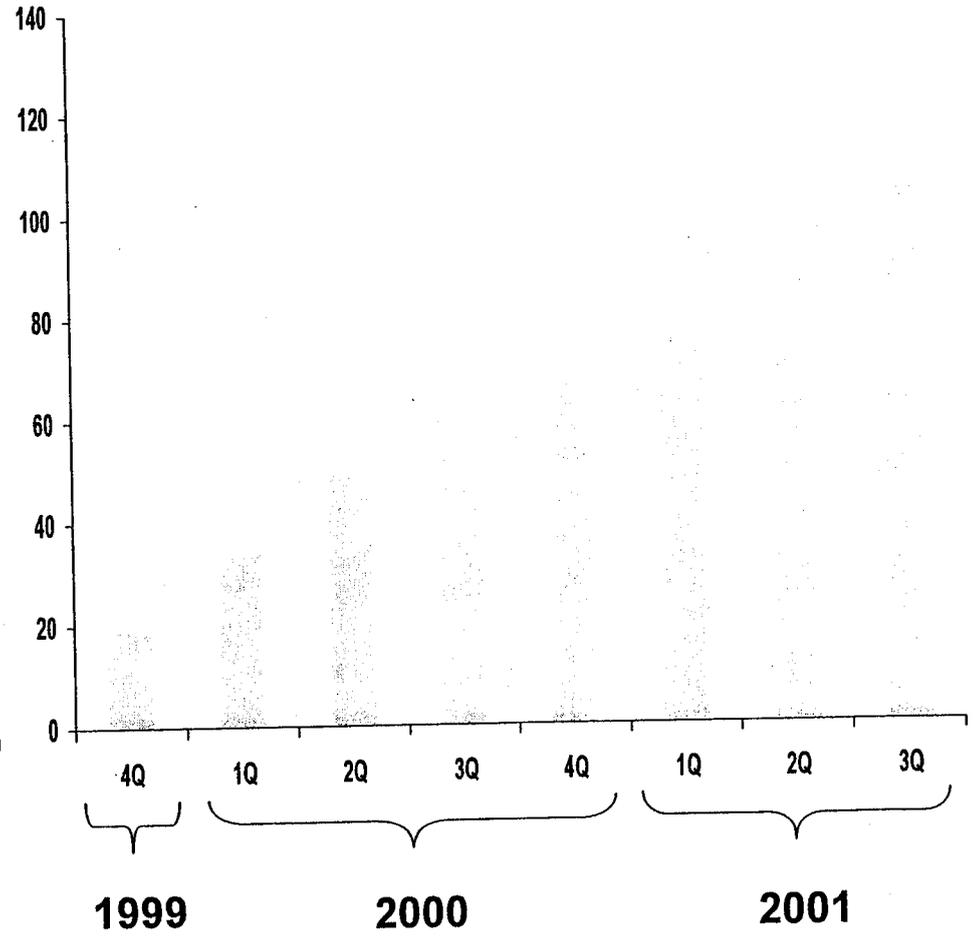
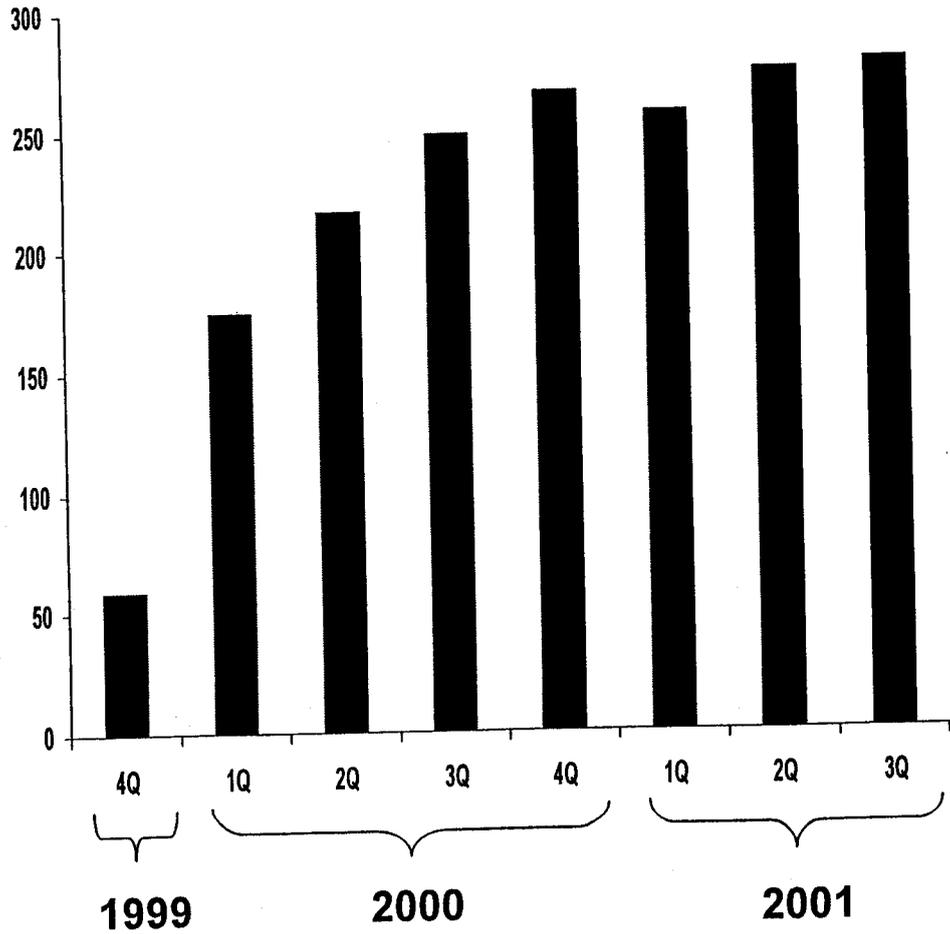
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Enron North America EOL Counterparties

(DUR counted as 1 c/p, although multiple trades)

Gas

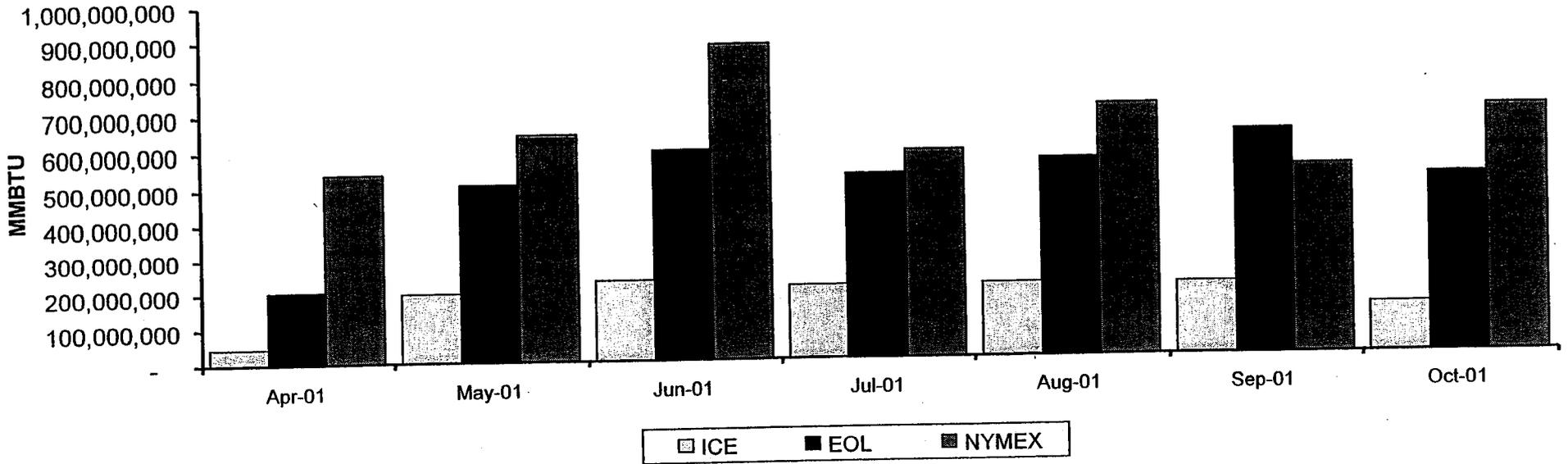
Power



EC37349A0030495

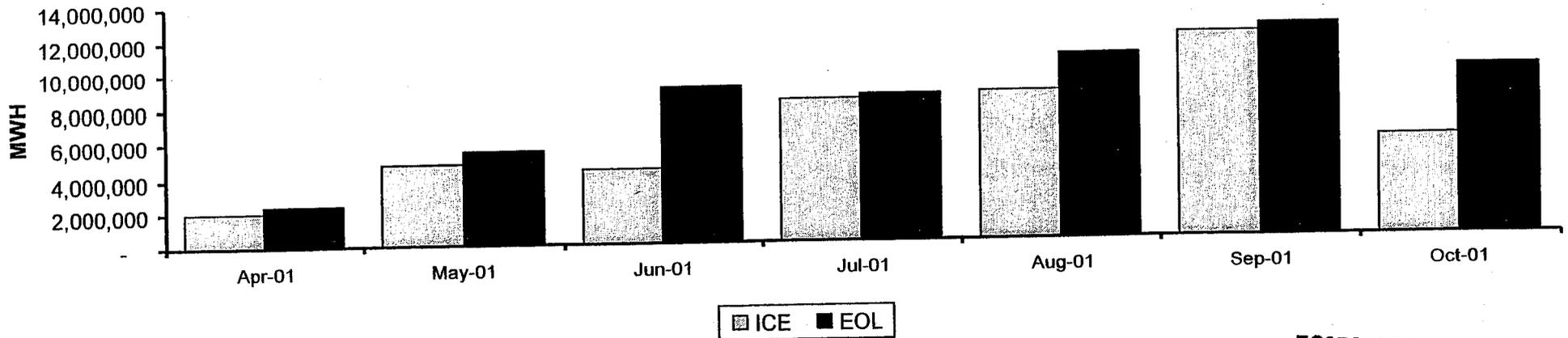
EOL vs OTHER PLATFORMS - NA GAS
Average Volume per Day

Nov. 1 - NYMEX full hrs



13 participants

EOL vs ICE - TOTAL POWER
Average Volume per Day

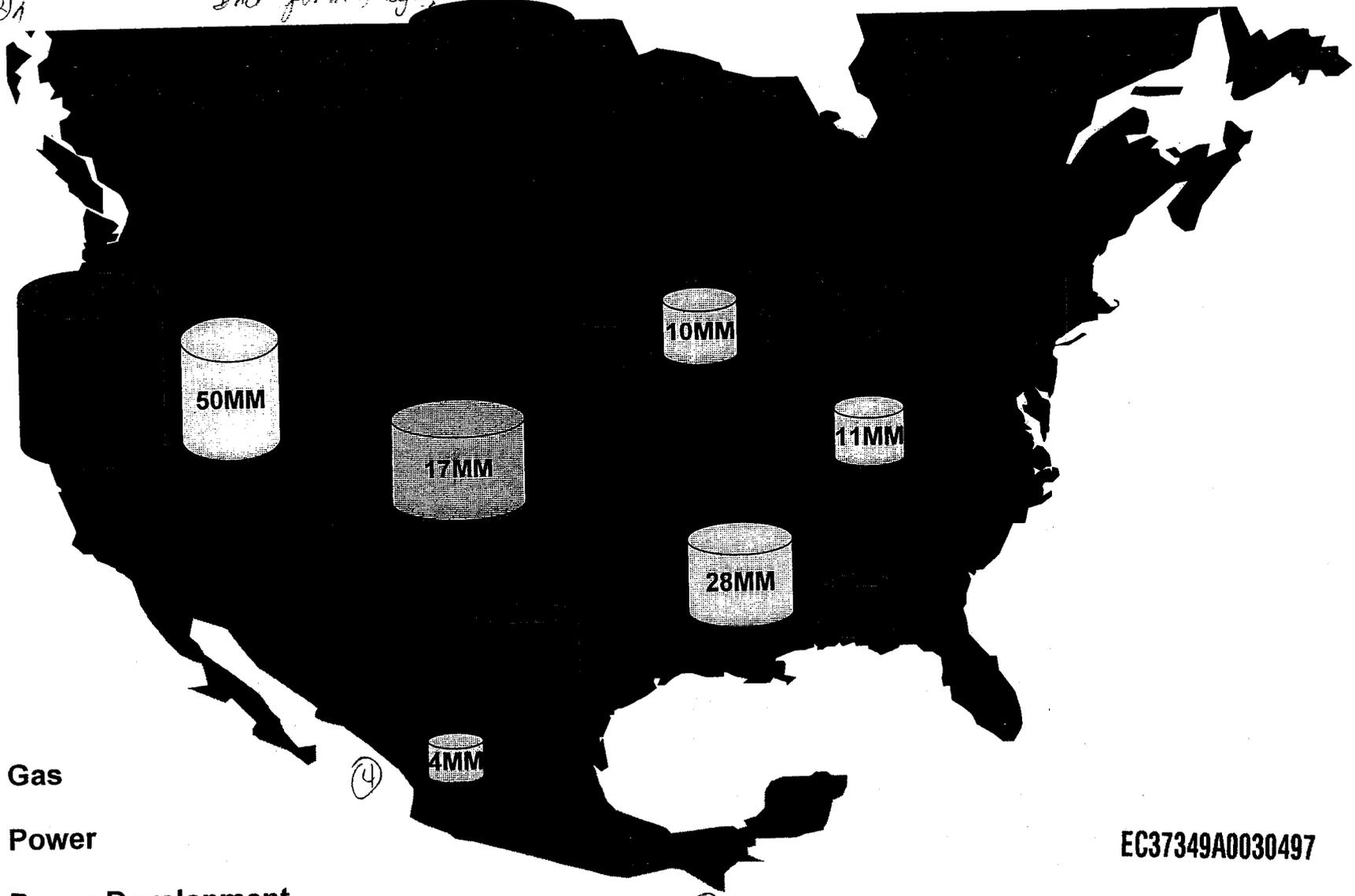


EC37349A0030496

Louis

① 1st Taking pres. based on info
and highly structured Proj.
② mid mkt - Comm, not std due to location, term on load profile
- Ind finance, legal, etc

Origination



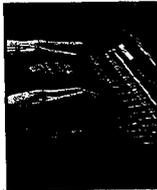
- ③  Gas
-  Power
-  Power Development

2001 YTD

② \$700mm (excluding sold peakers)

EC37349A0030497

Structured Natural Gas Transactions

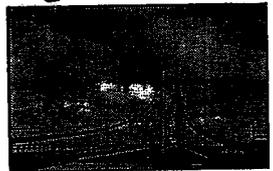


③
SunCor Service Agreement
Petro Canada Services Agreement
now
rolled over

ops operational
acq. services
agreements
Indonesia good
cust. service



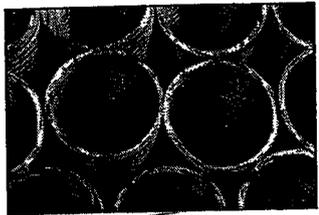
Sierra Pacific
 Long term assignment
 of PGT capacity



①
Michigan Gas Utilities

**3 year Outsourcing
 Transaction**
 EPMI provides power for
 MGU's supply needs
 MGU releases all upstream gas
 supply assets to EPMI

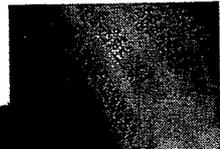
Asset mgmt (like People's)
• Ento Capture
• Partial-Take
• Structured



②
Kern Transport

Syndication to 7 shippers of Kern
 River from emergency open season

Enron \$25 MM
7 shippers \$1 MM each



④
Financial Transactions in Mexico
 200 bcf Natural Gas (\$4mm Origination)
 Financial Zinc, Fuel Oil

Growing
Dispute \$4 PMEX cap

monetary offer.

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to being left

All use elements (see map)

*Expanded
Sold to [unclear] to Al[unclear]
Sold to P[unclear] [unclear]*

Structured Power Transactions

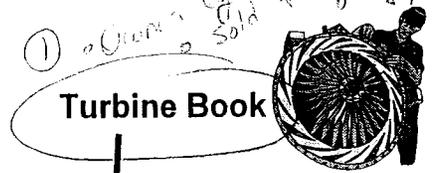
*1. "Green" CA SPD
2. Sold to [unclear] [unclear]*



Alberta PPA
Purchase of output of 700MW plant for 20 years



Las Vegas Cogen II
QF expansion and sale

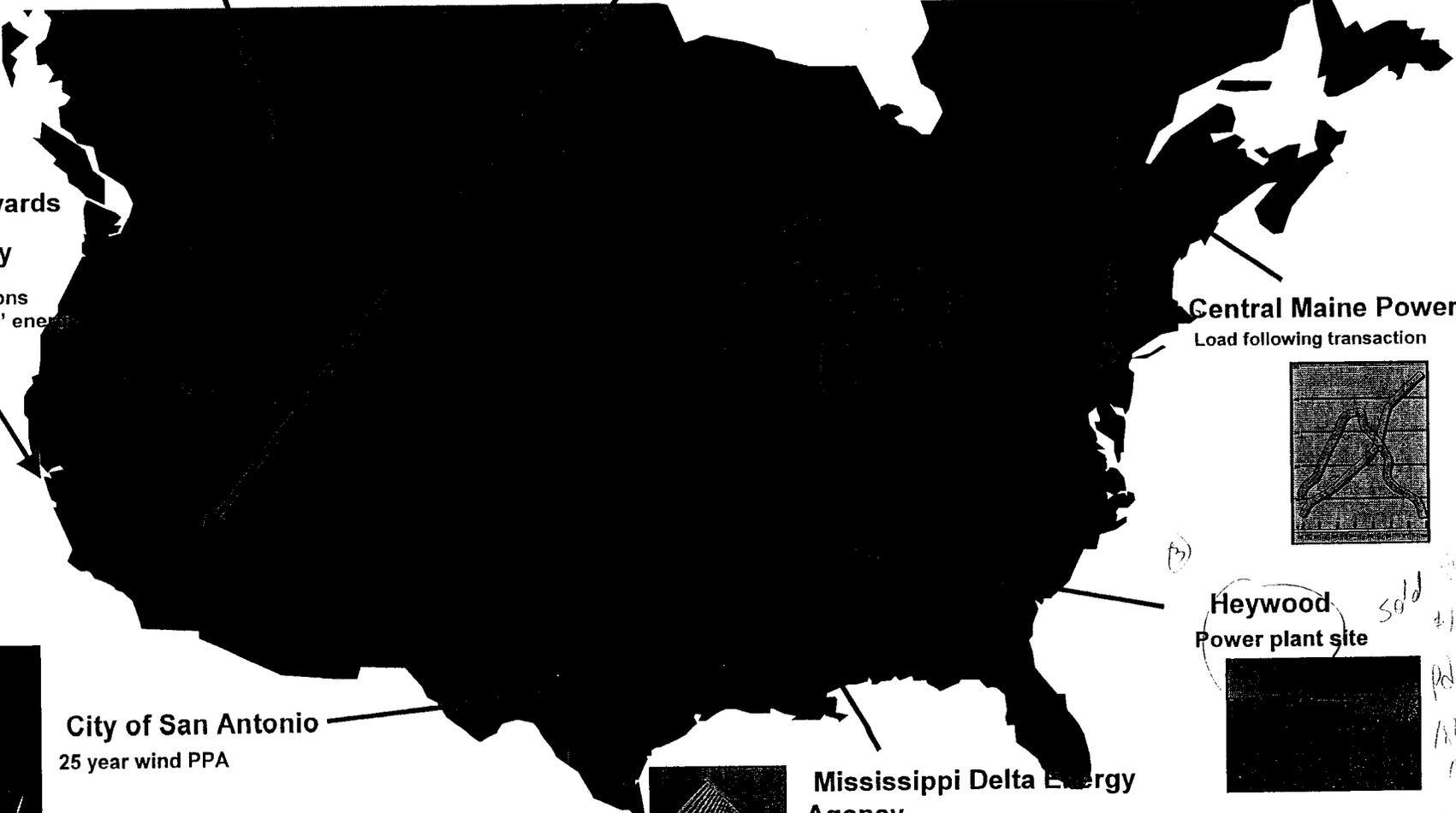


Turbine Book

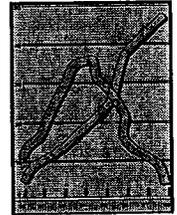


WAPA Edwards
WAPA Navy

5 year transactions including 'green' energy



Central Maine Power
Load following transaction



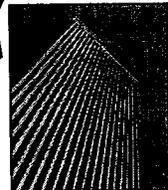
Heywood
Power plant site



*Sold to [unclear] [unclear]
[unclear] [unclear]
[unclear] [unclear]*



City of San Antonio
25 year wind PPA



Mississippi Delta Energy Agency

Asset Management Transaction for 85 MW of load and 90 MW generating capacity and outside supply contracts of 26 MW

*2 yrs of contracts to a [unclear]
[unclear] [unclear]*

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Fig - what up?
 o What cost deal

Summary of 2001 Asset Sales

(\$ in millions, excludes items <\$10million)

o Not a leg but
 o TN - misc. pty. power plant
 o Lat of op
 o TN GA
 o FID

Historical Assets

HPL

Development Projects

Peakers

Pastoria

Fountain Valley PSCO

SW Power /Las Vegas Cogen

Heywood Site

Turbines - 2 x 7 EAs

Power Assets

Alamac / NCPH

Saguoro

Forecast Q4 2001 disposals

Vitro Sale (close this wk)

Onondaga

Doyle

TOTALS

	Book Basis	Sales Proceeds	Gain
HPL	\$ 364.2	\$ 352.5	\$ (11.7)
Peakers	1,045.0	1,682.0	637.0
Pastoria	72.5	112.9	40.4
Fountain Valley PSCO	115.6	130.6	18.0
SW Power /Las Vegas Cogen	120.1	142.8	22.7
Heywood Site	1.0	12.7	11.7
Turbines - 2 x 7 EAs	40.3	49.5	9.2
Alamac / NCPH	7.5	22.0	14.5
Saguoro	18.5	20.7	1.5
Vitro Sale (close this wk)	24.0	39.5	14.0
Onondaga	7.9	10.0	2.1
Doyle	-	4.8	4.7
TOTALS	\$ 1,817	\$ 2,580	\$ 764

Rt. time to get in
and get out

EC37349A0030500

Price to 2001 EES manager own risk
 Basic promises missing or not working well
 No Septin to liquidate
 Billing problem buy work supply involved
 Massive effort co-ord by JL & head of ... and ...
 well staffed

John

- Sx10
 - shape
 - ... } more part. of risk
 + 4's in consumption

By end of yr, will show full account of exposure
 - Fleet-to-actuals (early) must match expected risk
 Most compl. risk is ... High margin
 Very comfortable on delay at planned price
 10 proj. - clear up, [90-110 ^{price} bands & bills]; receiving every trans. for location;
 all, tariff work

Retail Risk Management Discussion

Q & A

John - Mkt. risk transfer
 - 90-110 band
 - Retail
 - Wholesale gets defined load shape
 - Costs & risks added; Orig. value to EES
 - Integrated picture

Wholly - Ex. / Very direct
 $\begin{matrix} < 50 \\ 48 \\ \leq \\ \text{load} \end{matrix}$
 EES

Same power price call
 Expecting
 ...
 Septin

Separate & price
 make & price ...

Discuss. of Roles
 EES
 Wholesale
 Orig./Sales
 DSM
 $1 + 1 = 3$
 More products
 More info

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Ken - Any big surprises?
 JL - Saw at
 ... most likely scenarios
 See Notes

South America Merchant Discussion

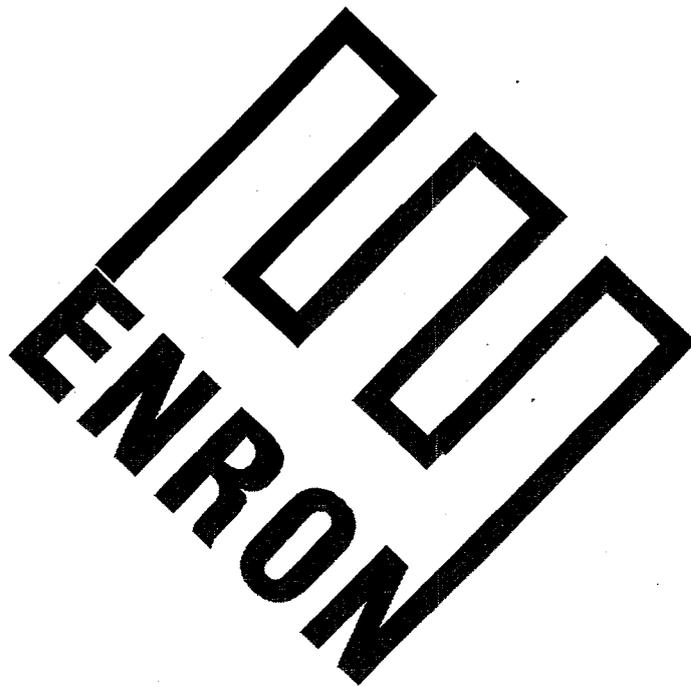
- Initial : \$90 M cost budget 300 people
- Now : 20 " incl. allocated 100 people
costs
- Kenneth pursuing business & capital
 - Electric bolt & critical phase
 - OPIC \$190 M committed for 270 total
 - Petroleum guaranteed for 11-12?
- 75% upside 7 \$50 per person
- New COO (1994 A/A)
 - Brian King
 - and 1 other

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Enron Americas

EC37349A0030503



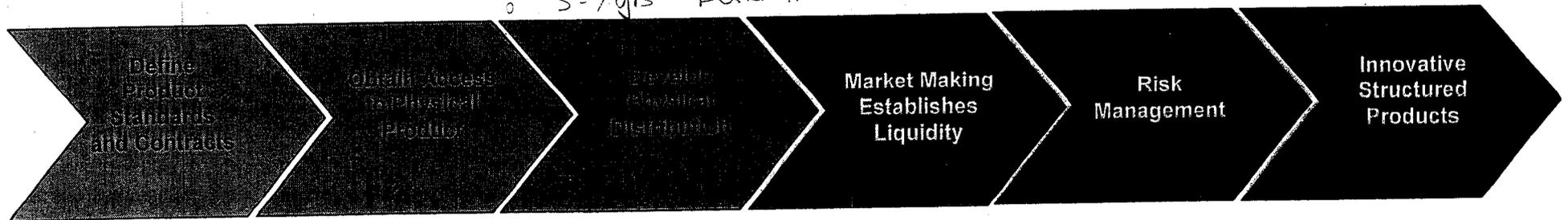
Enron Industrial Markets

EC37349A0030505

Industrial Markets

New Markets	Global Market Size	Key Market Attributes
Forest Products	\$ 330 Billion	<ul style="list-style-type: none"> • Certain base grade commodity products • Capital intensive industries that desire Risk Management products • Legacy distribution channels with no price transparency • Receptive to Enron's eCommerce model • Slow moving incumbents
Steel	\$ 250 Billion	
	<u>\$ 580 Billion</u>	

• Enron - catalyst to migrate mktg
 • 5-7 yrs - Build into bus similar to WA

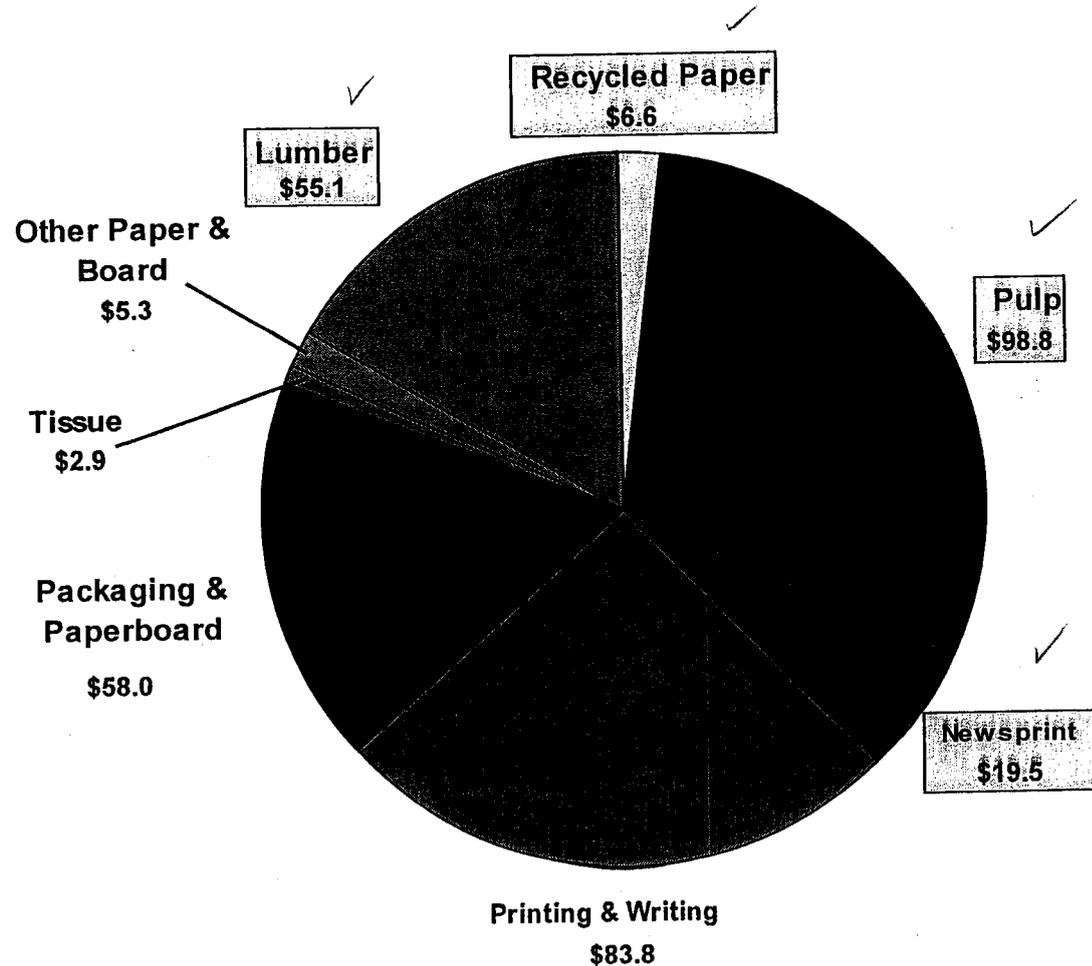


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Forest Products - Market Size

Global Revenue (Est.)

\$330 Billion



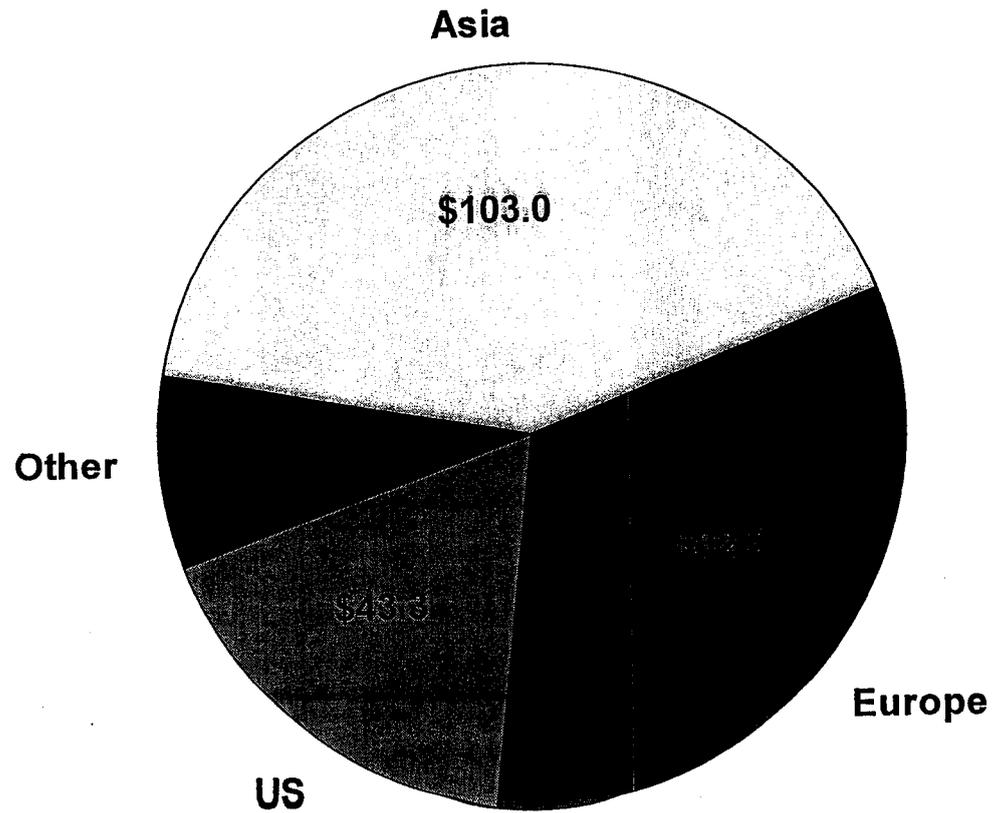
Source: Pulp & Paper N. American Factbook; Int'l Fact & Price Book

EC37349A0030507

Steel - Market Size*

Global Revenue (Est.)

\$250 Billion



*Flat and Long Products Only

EC37349A0030508

Qualitative

Notable Achievements

Over past year

- Excellent deal pipeline in both forest products and steel – industry acceptance

- Moved 2.7 million tons of physical product through 9/30/01 *Over 3 MM tons by y/land*

- Generated \$104 million of gross margin through 9/30/01 *Profitable from Deyl*

- Fundamentally changed the way newsprint is bought and sold in the U.S. *Mkt looks @ Enron's bid/off → to determine value of their deals/bids*

- EOL/Clickpaper viewed as "The Market" for newsprint prices *? Green sheet pack
o FP - 100/wk
o Steel < 20*

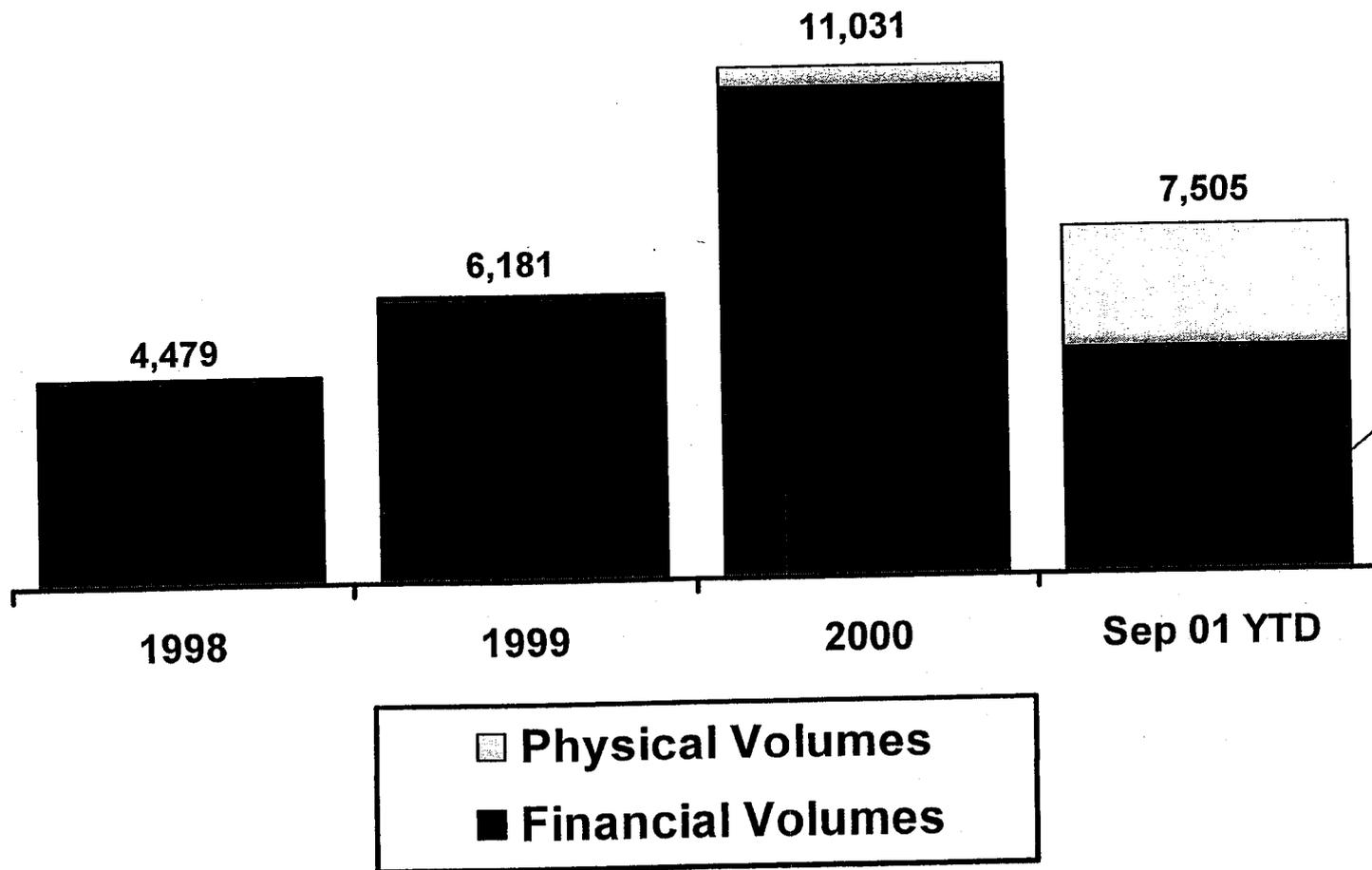
- "Just-In-Time" steel delivery product now live in Chicago *warehouse prod*

- "Enron Effect" cited by the ITC as a market catalyst *steel import restriction review*

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Volume Information

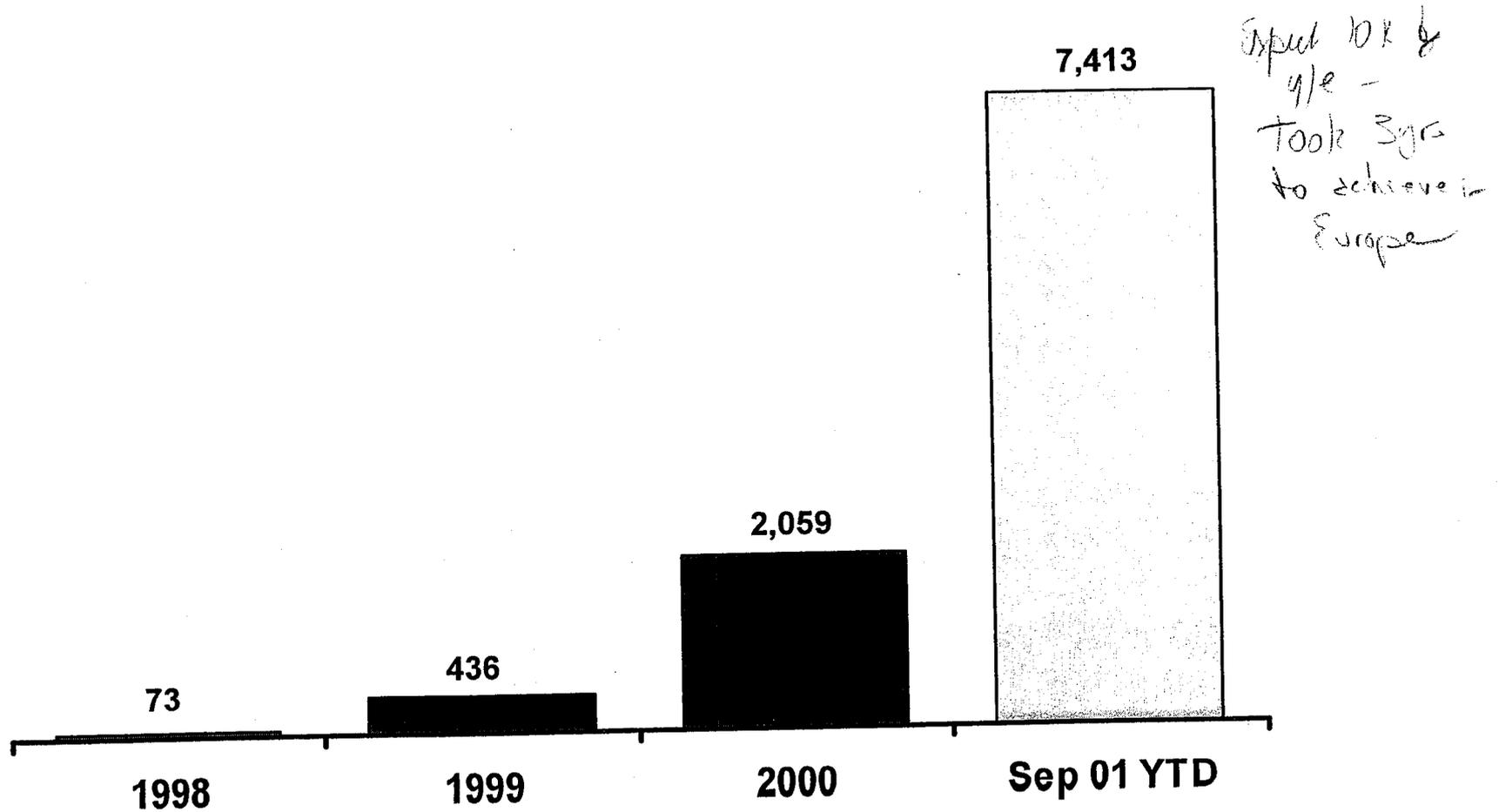
Thousand Metric Tons



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Transaction Activity

Best indicator



EC37349A0030511

Financial Highlights

\$ Millions

	Year to Date (9/30)		Total Year	
	<u>2001</u>	<u>2000*</u>	<u>2001**</u>	<u>2000*</u>
Earnings Before Interest & Taxes	\$ 45	\$ 2	\$ 69	\$ (18)
Net Income	\$ 24	\$ 1	\$ 43	\$ (5)
Cash Flow from Operations	\$ (75)	N/A	\$ (41)	N/A
Capital Deployed				
On Balance Sheet	\$ 386	\$ 201	\$ 386	\$ 116
Total	\$ 761	\$ 201	\$ 761	\$ 116
Equity Deployed				
On Balance Sheet	\$ 317	\$ 95	\$ 317	\$ 95
Total	\$ 504	\$ 95	\$ 504	\$ 95
Return on Equity				
On Balance Sheet	18%	2%	21%	(19)%
Total	11%	2%	11%	(19)%

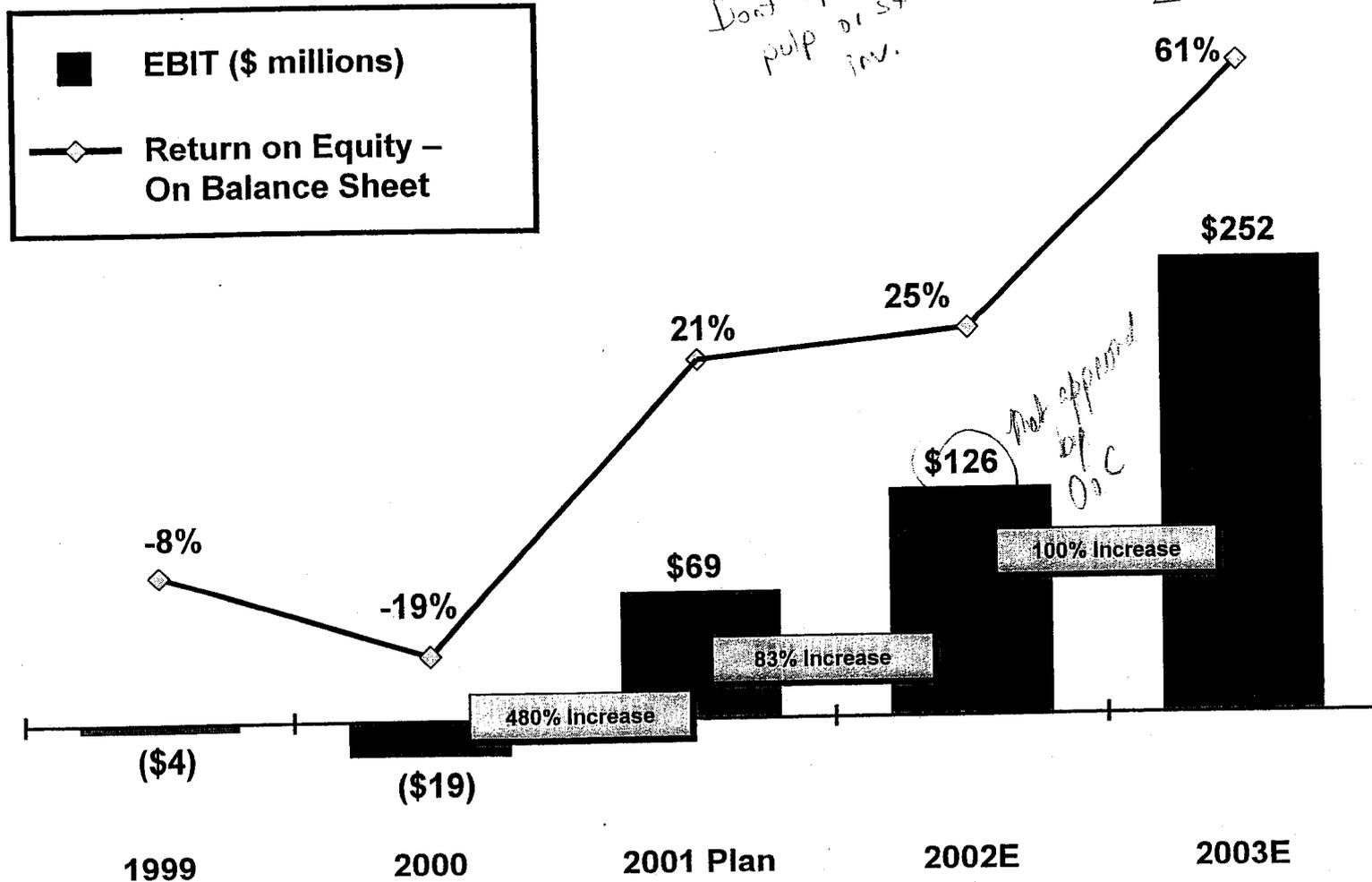
* EIM formed 1/1/2001, 2000 information based on restated ENA Downstream Industrial team results and excludes impact of Pulp and Paper Trading monetization in December 2000

** Estimated

✓
 Economic look
 (1) 25% leverage "light".
 Assets owned service debt,
 Lower than ENA.
 ↑ mkt. share will ↓
 need for capital ↓ assets
 Fully levered
 1/1/01 BIS

EC37349A0030512

Earnings Growth Opportunity



Question on capital outlook
 1) Directed capital to So ↓
 → Qube will discuss to
 buy mill ↓

Prepares
 ↓ bms
 Don't expect more
 pulp or steel
 inv.

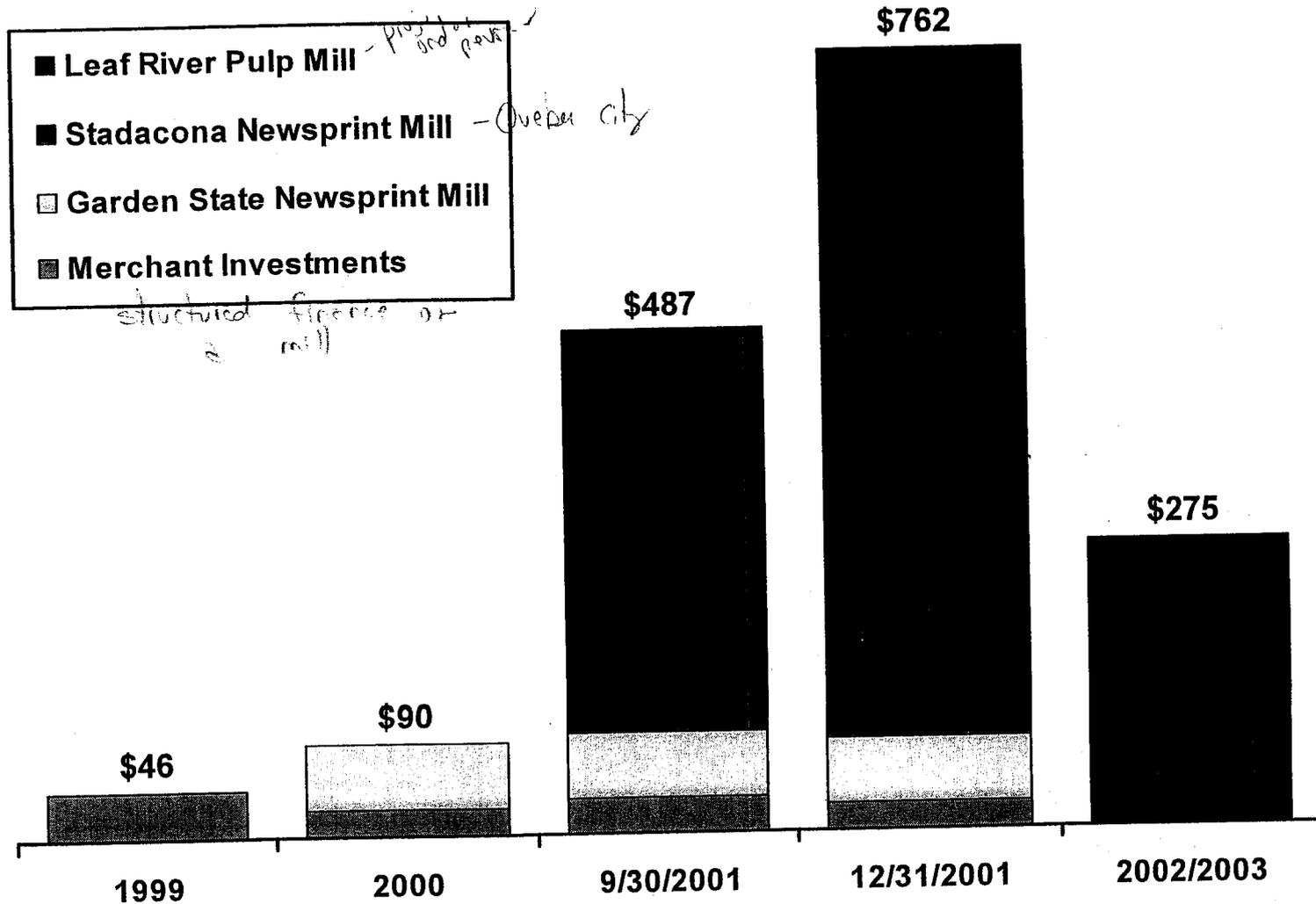
get LTK
 e sale price > purchase
 [Duration left]

Not approved
 of
 O/C

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Forest Products - Asset Investments

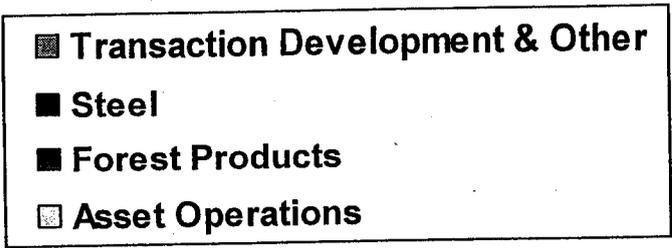
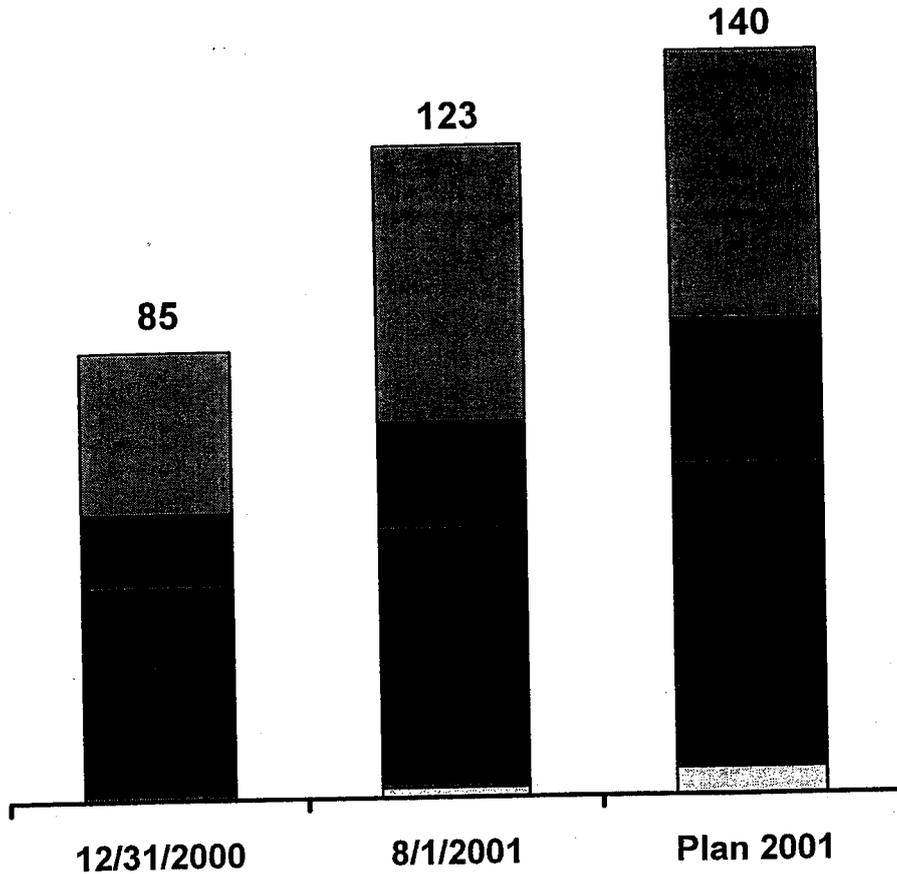
Including Off-Balance Sheet Capital and
Assuming Leaf River Acquisition
\$ Millions



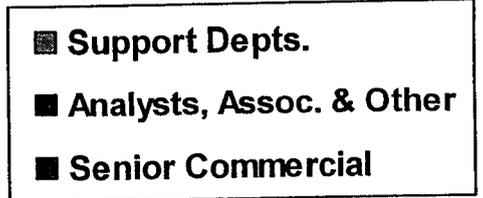
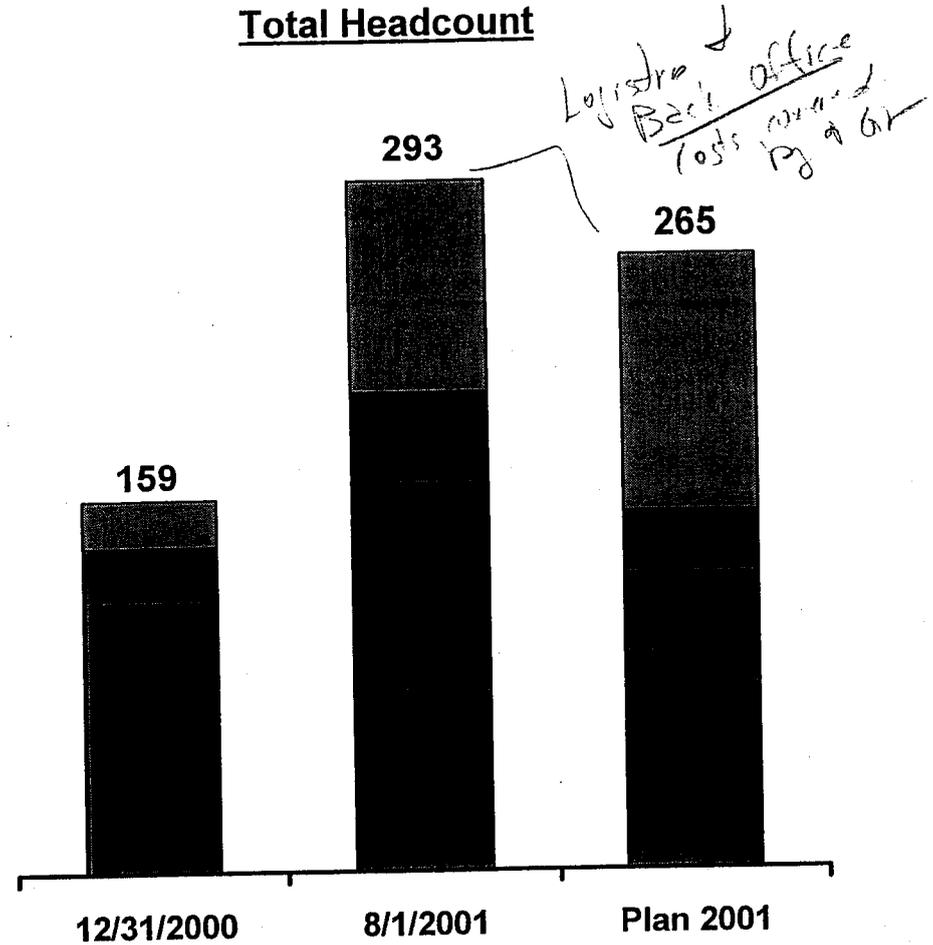
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Headcount

Senior Commercial



Total Headcount



EC37349A0030515



[Duncan Jr.]

Enron Industrial Markets

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missing 517

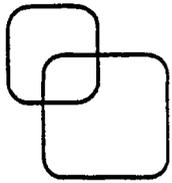
Project Southwood Georgia Pacific – Leaf River

Enron Industrial Markets

**Presentation to
Enron Corp Finance Committee
For Recommendation to the Board
of Directors**

October 8, 2001

EC37349A0030518



Project Southwood

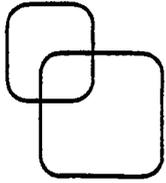
Why EIM Needs a Pulp Mill?

- ◆ Market Pulp is a \$20B Global Market (\$90B including integrated pulp) with significant volatility
- ◆ Asset ownership increases credibility with industry players
- ◆ Physical supply enhances marketability of financial products
- ◆ EIM's ability to contract for tons has been limited to date due to lack of physical presence
- ◆ EIM's purchase of newsprint assets (Garden State Paper – 3rd Quarter 2000, Stadacona – 1st Quarter 2001) have had a positive effect on EIM's ability to transact business:

	<u>Jan 01</u>	<u>June 01</u>
Trading Hubs	2	6
Total Notional Value of Trades	\$2 MM	\$70 MM
Counterparties	11	150

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Proprietary and Confidential



Project Southwood

Georgia Pacific's Leaf River Pulp Mill

High Quality Asset

- ◆ State of the art facility; one of the largest single-line pulp mills in the world.
- ◆ Ranks 6th out of 50 North American softwood mills for lowest cash costs.
- ◆ Extremely well maintained with a history of proactive maintenance.
- ◆ Greenfield construction in 1984 - clean environmental record.
- ◆ 99% of energy produced on site with 87% of steam requirements generated from mill byproducts.
- ◆ High quality, properly incented, non-union workforce.

Structure Mitigates Risk

- ◆ Fixed price, full requirements fiber supply contract for 7 years with Georgia-Pacific. (Fiber represents 70% of variable costs and 40% of total costs.) Eliminates fiber cost volatility
- ◆ Mutually agreed upon capex budget with a 3-year risk sharing provision with Georgia-Pacific. 50% over budget pd by GP
- ◆ EIM pulp desk pays the mill a fixed price for 50% of the physical output; floating price (based on RISI index) for the other 50%.

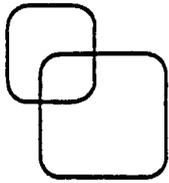
Separate Financial Pulp Swap Transaction

- ◆ EIM pulp desk enters into a financial pulp swap with Georgia-Pacific for 277,250 MT/yr (roughly equivalent to 50% of the mill's annual production). GP pays fixed; EIM pays floating.

*7 yr. fin. swap
substantially > vol.*

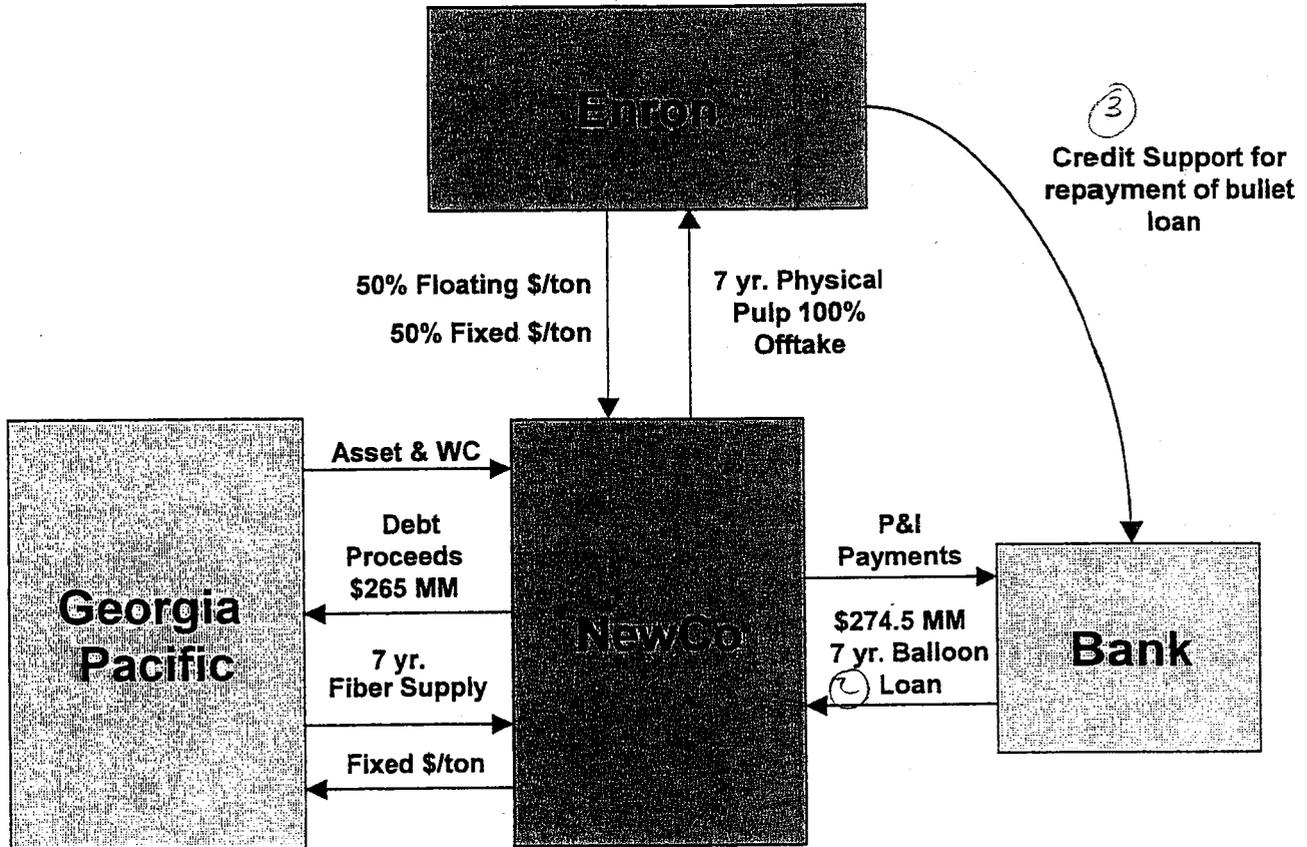
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Project Southwood

Mill Purchase

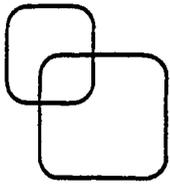


	<u>\$ Millions</u>	
Cash Distribution to GP	(\$265.0)	✓
Transaction Costs	(\$ 9.5)	✓
Total Initial Capital Injection	(\$274.5) ⁽¹⁾	✓
NPV @ 12.5% of Project Cashflows	\$ 145.5 ⁽²⁾	7 yrs.
NPV @ 12.5% of Net Terminal Value	\$ 113.2 ⁽²⁾	7 yrs. out
NPV of Mill Purchase	(\$15.8)	stand alone

11.2% rate of return

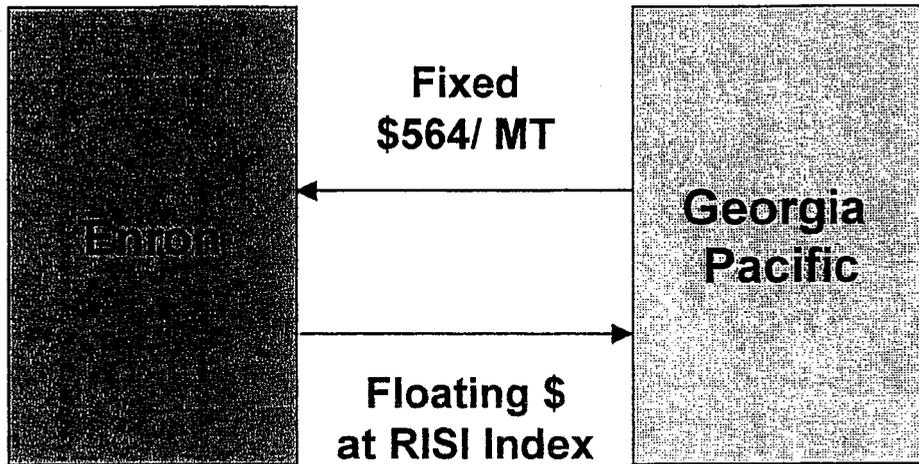
(1) A \$30 MM liquidity line will be used to offset any periodic operational cash shortfalls.

(2) 12.5% = the RAC Pre-tax Hurdle Rate



Project Southwood

Financial Pulp Swap



- ◆ Term: 7 years
- ◆ Notional Volume: 277,250 MT/Yr.

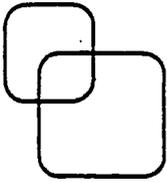
NPV @ 8.38% of Financial Swap \$75.8 MM ⁽¹⁾

14.5% return
on total
trans -

⁽¹⁾ 8.38% = LIBOR + GP Credit Risk of 3.6%

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Project Southwood

Summary Financial Results

Stake • GP weak credit [BBB- net]

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
EBIT								
Mill	\$1,976	\$23,707	\$23,918	\$23,231	\$22,403	\$21,101	\$20,307	\$20,841
Swap	<u>\$75,755</u>	<u>\$0</u>						
Total	\$77,731	\$23,707	\$23,918	\$23,231	\$22,403	\$21,101	\$20,307	\$20,841
Net Income								
Mill	\$57	\$3,142	\$3,276	\$2,841	\$2,317	\$1,494	\$991	\$1,329
Swap	<u>\$49,241</u>	<u>\$0</u>						
Total	\$49,298	\$3,142	\$3,276	\$2,841	\$2,317	\$1,494	\$991	\$1,329
Free Cashflow (after int exp & amortize loan)								
Mill	\$1,376	\$2,995	\$4,397	\$3,333	\$4,450	\$3,955	\$3,039	\$3,496
Swap	<u>\$0</u>	<u>\$14,252</u>	<u>\$8,877</u>	<u>\$8,631</u>	<u>\$8,383</u>	<u>\$8,135</u>	<u>\$7,887</u>	<u>\$7,638</u>
Total	\$1,376	\$17,247	\$13,274	\$11,964	\$12,833	\$12,090	\$10,926	\$11,134

2

2

1

CFE over 100%

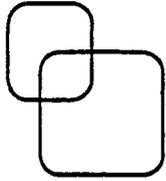
Swap - 100% hedged
 Pulp - 50% hedged

Belfer - Stock in gains on swap
 JM - Fully hedged mill on FP position

• Fixed position - 100% hedged w/ GP
 • 50% open on pulp output

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Project Southwood

Effect on Enron Corp. Ratios

*According to Enron's practice
Credit neutral due to relatively small size.*

2001 Enron Corp Ratios

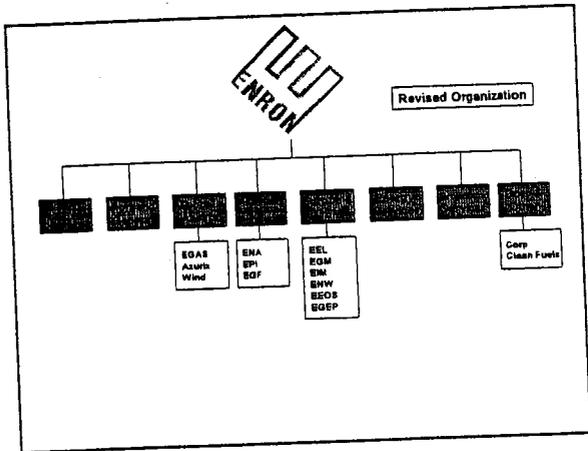
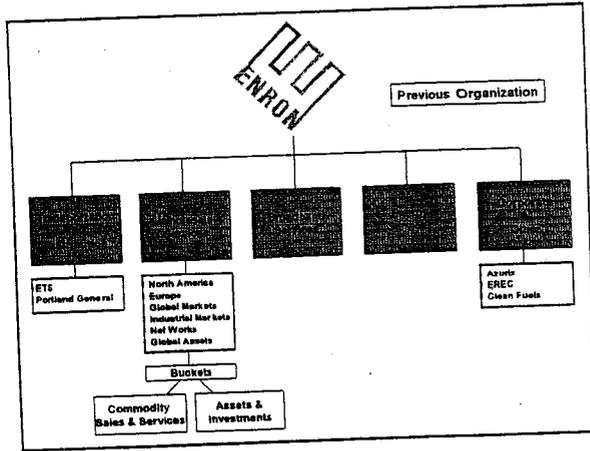
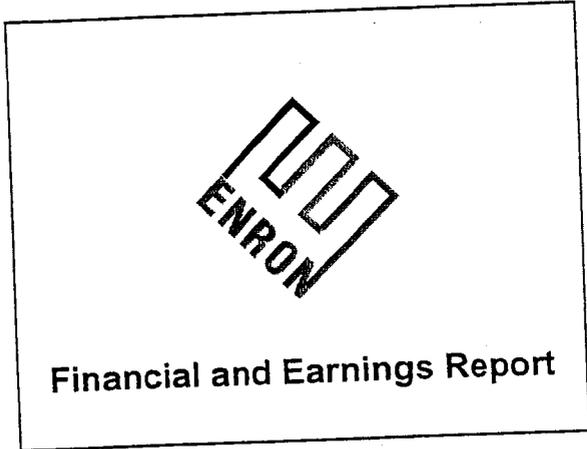
	Enron Corp 2001 Base Case	Enron Ratios Including Leaf River Transaction		
		Off B/S 100% Debt	Enron B/S 100% Debt	Enron B/S 60% Debt / 40% Equity
Earnings Per Share	\$1.80	\$1.86	\$1.86	\$1.85
Funds Flow Interest Coverage	4.02	4.02	4.02	4.02
Pre-tax Interest Coverage	3.31	3.39	3.39	3.39
B/S Debt to B/S Capital	43.4%	43.3%	43.9%	43.5%

2002 Enron Corp Ratios

	Enron Corp 2002 Base Case	Enron Ratios Including Leaf River Transaction		
		Off B/S 100% Debt	Enron B/S 100% Debt	Enron B/S 60% Debt / 40% Equity
Earnings Per Share	\$2.15	\$2.15	\$2.15	\$2.15
Funds Flow Interest Coverage	4.02	4.04	3.99	4.02
Pre-tax Interest Coverage	3.66	3.68	3.62	3.65
B/S Debt to B/S Capital	43.4%	43.4%	44.0%	43.5%

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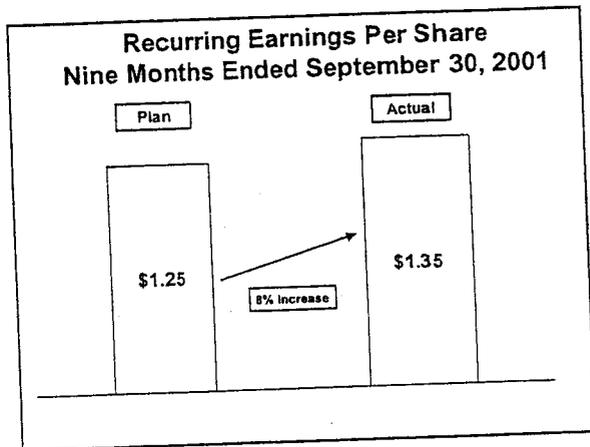
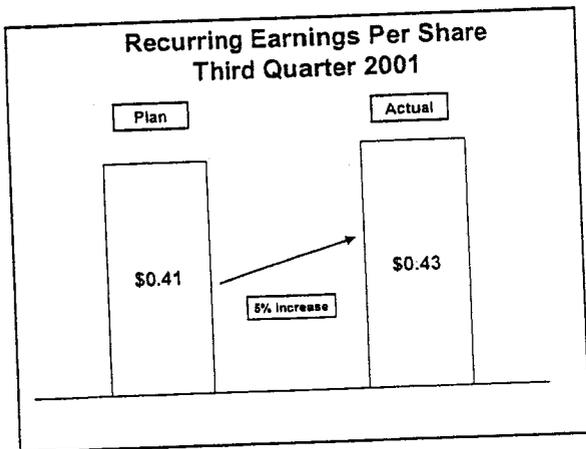
Proprietary and Confidential



Additional Disclosures Earnings Release

- Previously disclosed for Wholesale and Retail segments:
 - Revenues
 - Income Before Interest & Taxes (IBIT)
- New disclosures for every segment:
 - Revenues
 - Cost of Sales
 - Operating Expenses
 - Depreciation and Amortization
 - Equity in Earnings
 - Other, net

Income Before Interest & Taxes (IBIT)



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**Third Quarter
Estimated Recurring Net Income by Segment**
(\$ in millions)

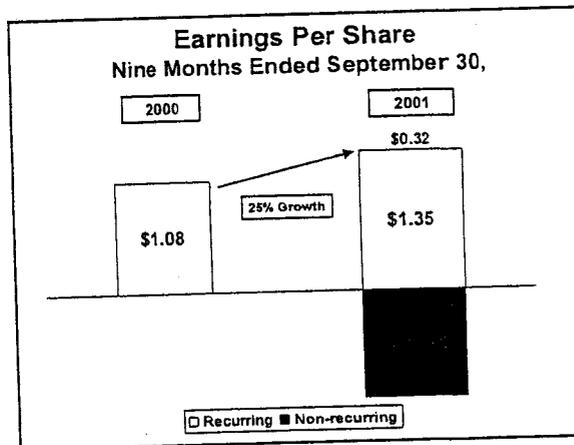
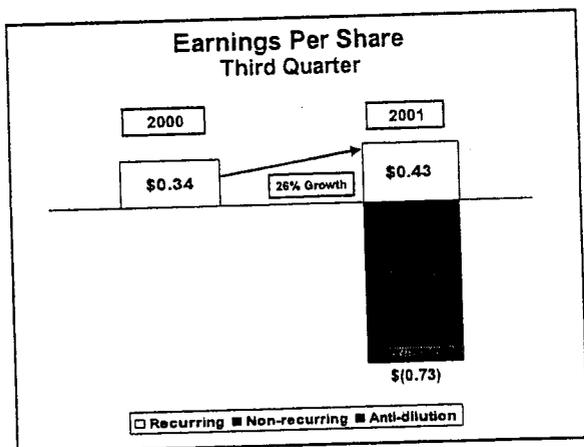
	Third Quarter		Nine Months	
	Plan	Actual	Plan	Actual
Enron Transportation Services	\$ 33	\$ 34	\$	\$ 130
Portland General	-	(2)		58
Global Assets	7	(9)		(85)
Americas	168	338		1,543
Retail Risk Management	(6)	120		(365)
Europe and Other Energy Mkts	133	16		118
Energy Services	38	40		90
Broadband Services	(24)	(51)		(142)
Corporate & Other	12	(80)		(141)
Recurring Net Income	\$ 361	\$ 386	\$ 1,111	\$ 1,206

**Non-Recurring Earnings
Third Quarter 2001**
(\$ in millions)

	Pre-tax	After-tax	E.P.S.
Recurring Earnings	\$ 521	\$ 396	\$ 0.43
Non-Recurring Items:			
Azurix Asset Sales	(310)	(310)	(0.34)
Broadband Severance	(69)	(45)	(0.05)
Inventory	(52)	(34)	(0.04)
Content Valuation	(160)	(104)	(0.11)
Loss on Investing Activities	(711)	(462)	(0.51)
Total Non-Recurring Items	(1,302)	(955)	(1.05)
Anti-dilution			(0.11)
Total Earnings	(\$781)	(\$559)	(\$0.73)

alternate name?

Monthly
2009, FRS
2009, NPW
2009, Wholesale



Third Quarter - Recurring Earnings by Segment
(\$ in millions)

	Third Quarter		Nine Months	
	2001	2000	2001	2000
Enron Transportation Services	\$ 83	\$ 83	\$ 283	\$ 288
Portland General	(3)	74	122	241
Global Assets	16	26	34	140
Americas	553	533	2,485	1,090
Retail Risk Management	199	-	(528)	-
Europe and Other Energy Mkts	39	50	257	233
Energy Services	71	27	171	79
Broadband Services	(80)	(20)	(217)	(28)
Corporate & Other	(102)	(106)	(233)	(143)
Interest, MI, & Income Tax	(380)	(375)	(1,158)	(881)
Recurring Net Income	\$ 396	\$ 292	\$ 1,206	\$ 919

**New Accounting Standard for Goodwill
Summary of Consolidated Goodwill**
(including equity method investments)
(\$ in millions)

Reporting Units	June 30, 2001 Goodwill	Amounts Transferred	Proposed Write Off
Global Services			
Portland General	\$1,408	\$(884)	
Global Assets & Services			
Elektra	883	(583)	
Enron Global Power & Pipelines LLC	165	(165)	
TGS	248		
Ecoelectricos	166		
SK Enron	117		(89)
Other	386		
Other	96		
Wholesale			
Industrial Markets - Pulp, Paper, & Steel	372		
Enron Europe (MG Metals)	364		
Other	45	1,667	
Enron Energy Services	627		
Enron Broadband Services	55		(65)
Enron Wind	187		
Azurix-Weasex	697		
Azurix-Other	213		(213)
Total	\$5,727	\$	\$(357)

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Total Capital
(\$ in millions)

	Dec 2000	Estimated Sept 2001	Estimated Dec 2001	Proforma Adjustments	
				Goodwill	Sale of PGE
Balance Sheet Debt	\$ 10,229	\$ 13,106	\$ 11,440	\$ 11,440	\$ 8,645
Minority Interest	2,414	2,395	2,395	2,395	2,395
Preferred Stock of Subs	904	903	903	903	873
Shareholders Equity	11,470	9,554	9,836	8,936	8,936
Total Capital	\$ 25,017	\$ 25,958	\$ 24,573	\$ 23,673	\$ 20,849
Debt / Total Capital	40.9%	50.5%	46.6%	48.3%	41.5%

Balance Sheet Debt
(\$ in millions)

	2001		
	Sept YTD	Full Year Estimate	Revised Plan
Opening Debt Balance	\$ (10,229)	\$ (10,229)	\$ (10,229)
Funds Flow from Operations	1,765	2,900	2,925
Change in Working Capital *	(826)	(97)	(50)
Changes in Deposit / Margin Activity	(2,527)	(2,562)	-
Proceeds from Sales of Assets	1,647	2,274	1,935
Capital Expenditures	(1,614)	(1,888)	(1,310)
Equity Investments	(1,465)	(1,641)	(2,228)
Dividends	(399)	(538)	(540)
(Increase)/Decrease in Cash on Hand	1,023	1,023	-
Other	(481)	(482)	(1,532)
Period Activity	(2,877)	(1,211)	(796)
Period Ending Debt Balance	\$ (13,106)	\$ (11,440)	\$ (11,025)
Funds Flow / Interest	1.40	3.50	4.02

* Excluding Deposit/Margin Activity

Balance Sheet Debt
(\$ in millions)

	2001			2000
	June YTD	3rd Qtr Activity	Estimated Sept YTD	Sept YTD
Opening Debt Balance	\$ (10,229)		\$ (10,229)	\$ (8,152)
Funds Flow from Operations	1,804	(39)	1,765	288
Change in Working Capital *	(800)	(26)	(826)	(729)
Changes in Deposit / Margin Activity	(2,342)	(185)	(2,527)	541
Proceeds from Sales of Assets	1,423	224	1,647	222
Capital Expenditures	(1,200)	(414)	(1,614)	(1,549)
Equity Investments	(1,383)	(82)	(1,465)	(2,275)
Dividends	(256)	(143)	(399)	(396)
(Increase)/Decrease in Cash on Hand	528	495	1,023	(408)
Other	(357)	(124)	(481)	(1,322)
Period Activity	(2,583)	(294)	(2,877)	(5,629)
Period Ending Debt Balance	\$ (12,812)		\$ (13,106)	\$ (13,781)
Funds Flow / Interest	4.76		3.50	1.40

* Excluding Deposit/Margin Activity

Funds Flow from Operations
(\$ in millions)

	Estimated	
	3rd Qtr Activity	Sept YTD
Recurring Net Income	\$ 396	\$ 1,206
Deferred Taxes	118	306
Depreciation & Amortization	143	596
Net Change in PRM Asset	(681)	103
Net Change in Merchant Assets	15	275
Net (Gain)/Loss on Sale of Assets	31	(19)
Equity Earning, net of distributions	14	(110)
Minority Interest	(4)	66
Dividends on Preferred Stock of Subs	(12)	24
Other	(59)	(682)
Funds Flow	\$ (39)	\$ 1,765

Capital Deployed by Segment
June 2001
(\$ in millions)

	PGE		EOAE		Americas		Europe / Other		ENR		Retail		Corp & Other		Total
	ETS	PGE	EOAE	Americas	Europe / Other	ENR	Retail	Corp & Other	ETS	PGE	EOAE	Americas	Europe / Other	ENR	
Total Assets	3,835	4,891	6,841	26,741	16,828	1,483	1,353	2,377	63,392						
Liabilities (Excl Debt)	790	1,706	1,120	17,922	12,385	692	309	3,805	37,936						
Allocated Debt	1,729	1,929	866	5,515	844	15	418	1,796	12,512						
Equity	1,016	1,256	4,855	3,277	3,289	746	626	(3,324)	11,740						
Debt/Equity	63/37	60/40	10/90	63/37	20/80	0/100	40/60		52/48						



Financial and Earnings Report

Does this tie to B.D. presentation?

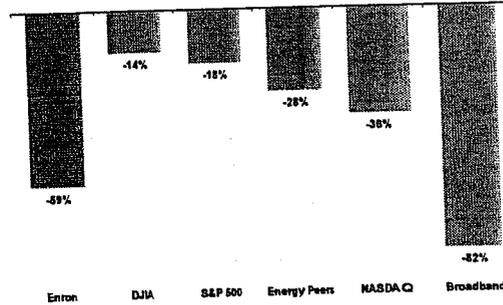
Add NI & ROE slide

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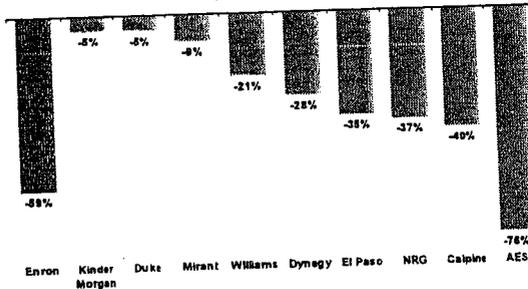


Investor Relations Report

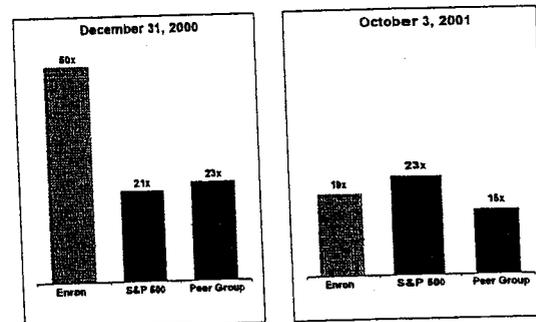
2001 YTD Total Return to Shareholder (Through 10/3/01)



Merchant Energy Peers 2001 YTD Total Return (Through 10/3/01)



Relative Valuation (P/E Ratio*)



Largest Shareholders*

Name	Shares Held	Location	Change From 8/1/01
Janus Capital Corporation	44,000,000	Denver	2,900,000
Alliance Capital Management	35,500,000	New York/Minneapolis	13,800,000
Putnam Investment Management	24,500,000	Boston	(4,000,000)
Smith Barney Asset Management	19,000,000	New York	1,400,000
Northern Trust Global Investments	3,200,000	Chicago	-
Fidelity Management & Research	3,500,000	Boston	(4,500,000)
Government of Singapore Investment Corp	3,400,000	Singapore	(2,100,000)
AIM Management Group	3,000,000	Houston	(4,800,000)
Goldman Sachs Asset Management	2,700,000	New York	850,000
Rorer Asset Management	2,100,000	Philadelphia	-
RHinterhouse Financial Services	2,000,000	Philadelphia	1,900,000
Morgan Stanley Advisors	2,000,000	New York	700,000
Dresdner RCM Global Investors	2,000,000	San Francisco	-
American Express Financial Advisors	1,827,000	Minneapolis	277,000
Deutsche Asset Mgmt. Group Ltd.	1,800,000	Boston	500,000
Credit Suisse First Boston Asset Management	1,500,000	London	-
Oppenheimer Funds	1,400,000	New York	-
Banc of America Capital Management	1,307,185	New York	240,000
		St. Louis/New York	-

*Including Index Funds

Largest Potential Shareholders

Name	Location	Total Equity Assets (Millions)	Primary Investment Style
Capital Research & Management	Los Angeles	\$224,000	Value
Wellington Management	Boston	157,000	Value
Oppenheimer Capital	New York	24,000	Value
J.P. Morgan Investment Management	New York	108,000	Growth
Fayez Sarofin	Houston	43,000	Growth
State Farm Insurance	Chicago	45,000	Growth
T. Rowe Price	Baltimore	85,000	Growth
Davis Funds	New York	40,000	Growth
Barrow Hanley	Dallas	30,000	Value

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Investor Relations Report

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Enron Americas

Agenda

- Business Principles
- Financial Results
- Gas & Power Fundamentals
- North America Business Discussion
- Retail Risk Management Discussion
- South America Merchant Discussion

*Next 30
file*

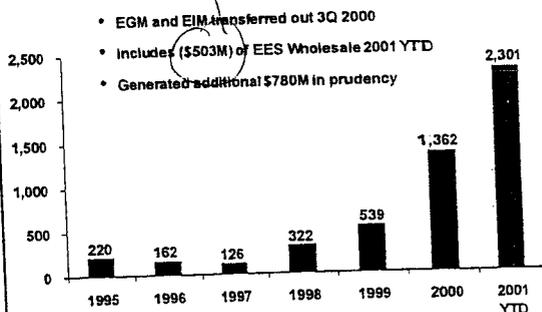
*Add FTD
Notes*

Business Principles

(Enron Americas Merchant Natural Gas and Power Business)

- Goals are to expand and enhance our capabilities in:-
 - Recruiting and retaining the best talent
 - Expansion of Liquidity
 - Products and Locations
 - Lead Market Maker
 - Information capture
 - Customer coverage
 - Deal flow
 - Outsourcing deals (key locations)
 - Research (weather etc)
- To enable, based on the information and skill advantage:-
 - Position taking
 - Highly structured transactions

Enron North America EBIT

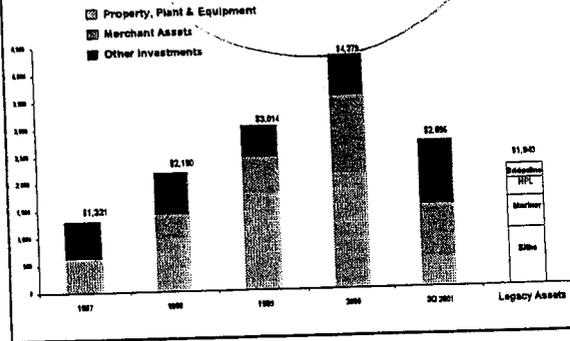


- EGM and EIM transferred out 3Q 2000
- Includes (\$503M) of EES Wholesale 2001 YTD
- Generated additional \$780M in prudence

Net

*Book this to
Capital Expend?*

Enron North America Assets (excludes Retail Risk Management)



*add to
income to
Capital Expend*

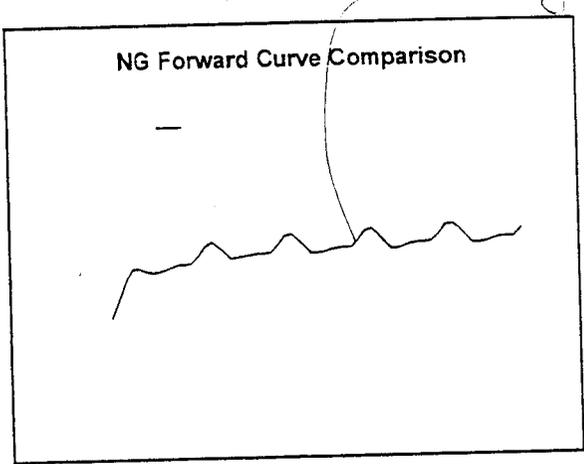
Key Fundamental Events Gas Market

- Gas rig count peaked at 1058 in July '01
 - Domestic production of gas increased by 2 Bcf/Day
- 2.5 Bcf/Day of industrial gas demand was lost from March 2000 to January 2001
- Injected 2130 Bcf this season; 4.9 Bcf/Day more than last year

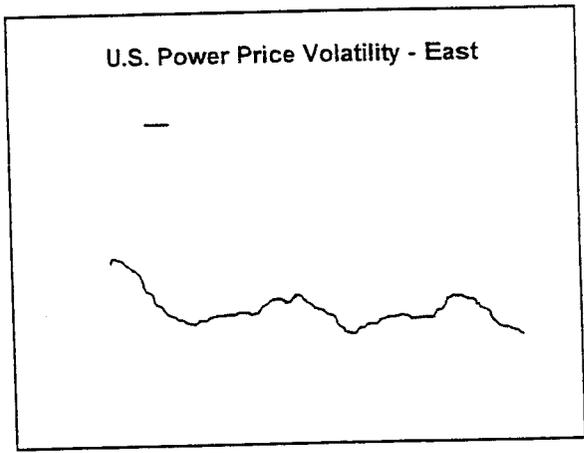
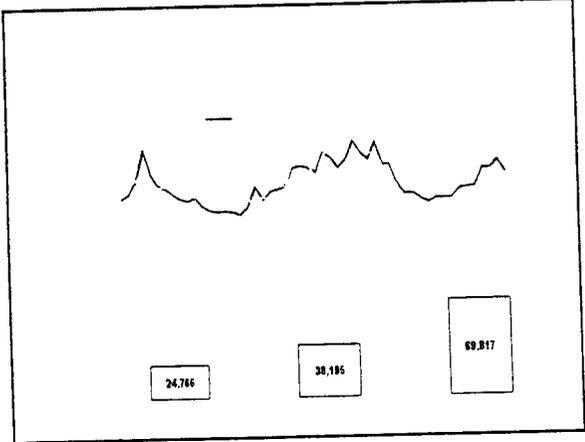
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*Add credit
\$3 Bil + Derivatives*

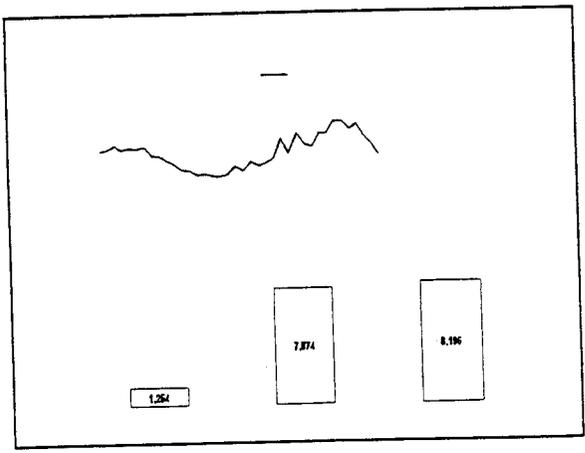
Make sure graph is wide enough to see



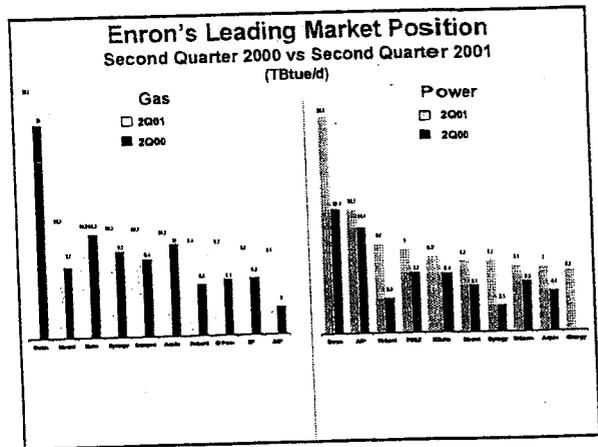
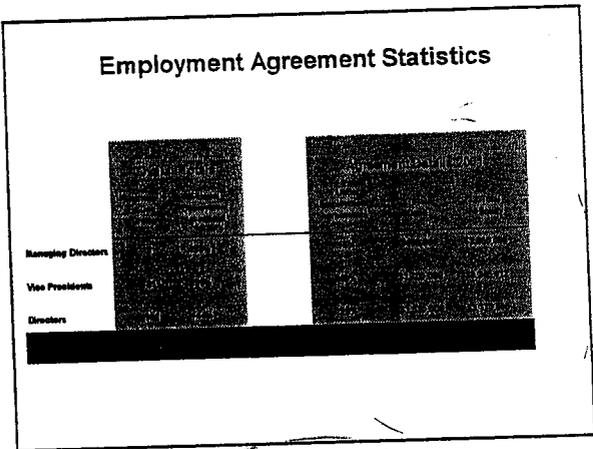
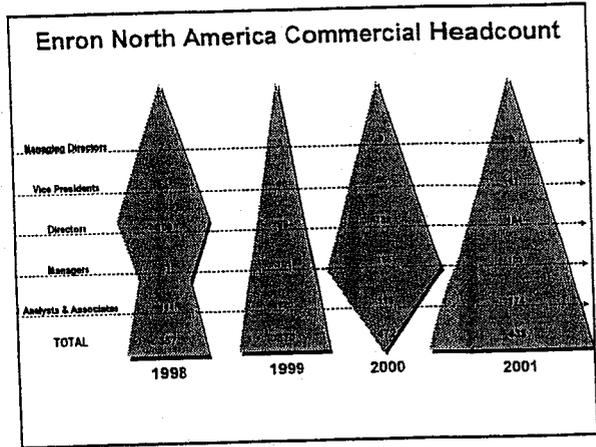
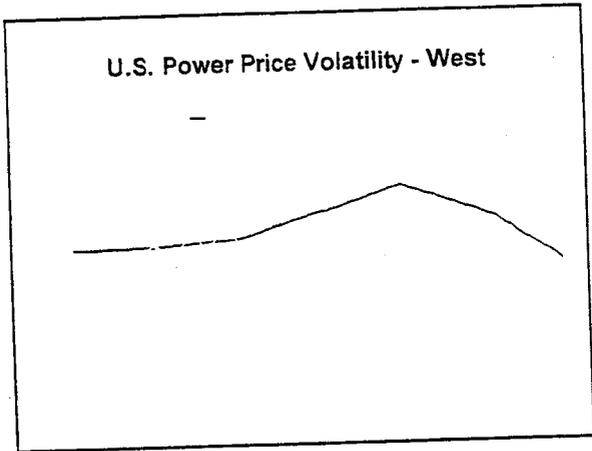
- ### Key Fundamental Events East Power
- Supply Factors
 - Over 60,000 MW of gas-fired generation came on in the last 21 months
 - Nuclear generation up by 5.8% over 2000 - 4,364 MW
 - Demand Factors
 - Lower than expected load growth - 1-2% actual vs. 4-5% forecast
 - Slowing economy/ Industrial recession
 - Stabilizing prices



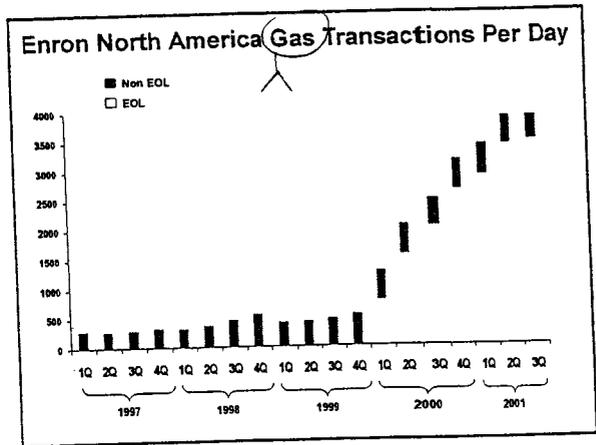
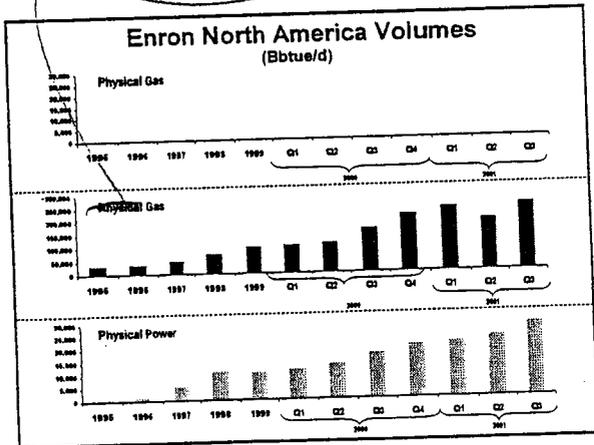
- ### Key Fundamental Events West Power
- Supply factors
 - Added 9,000 MW of gas-fired generation over the last 21 months
 - Nuclear utilization up 2,300 MW vs. 2000
 - Hydro down 8,500 MW vs. 2000
 - > Net + 3,000 MW more supply
 - Demand
 - Lost 2,300 MW due to residential/commercial conservation
 - Lost 1,500 MW from load shedding in Pacific Northwest
 - Lost 1,000-3,000 MW due to slowing economy
 - Added 1,000 MW due to hotter summer than 2000
 - > Net 5,000 MW less demand



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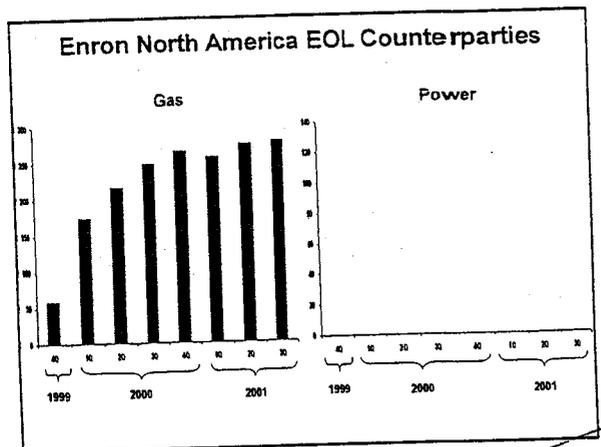
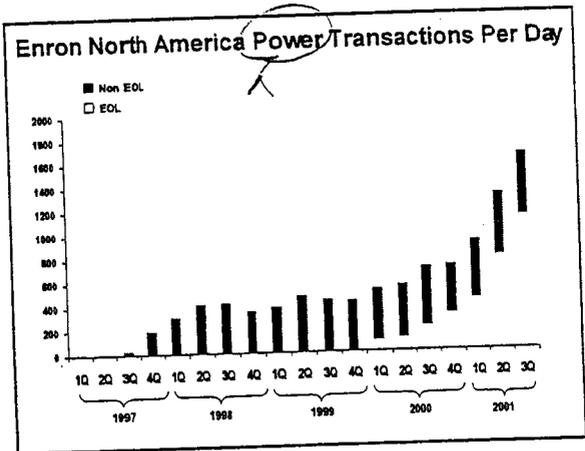


Financial



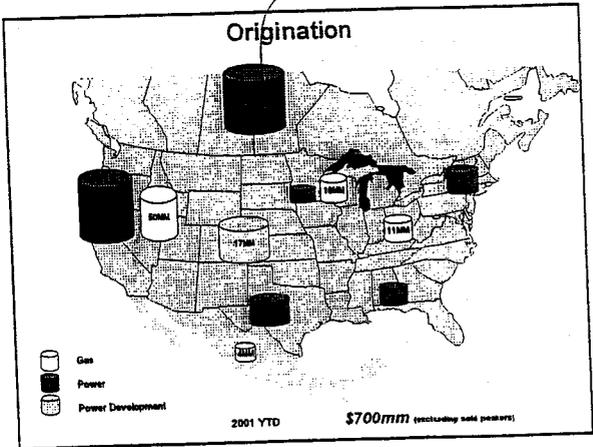
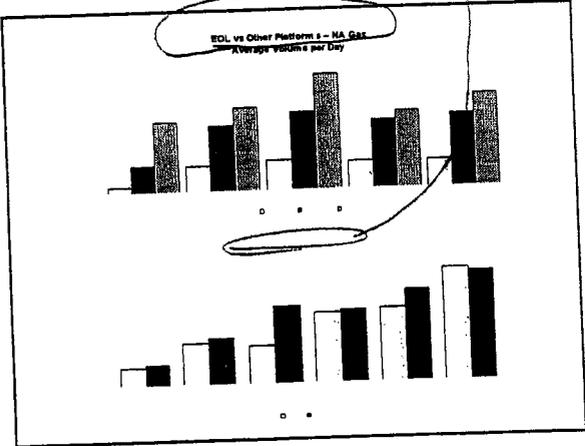
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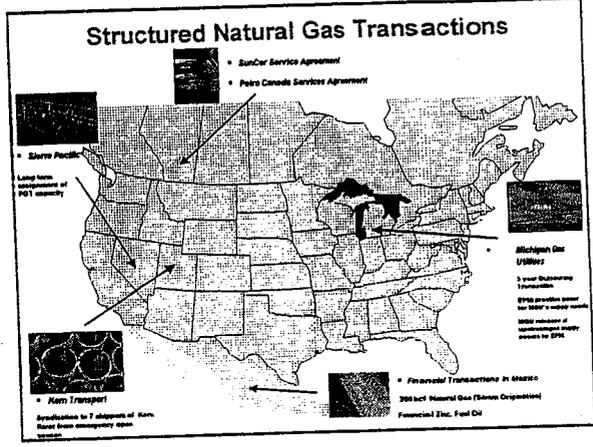
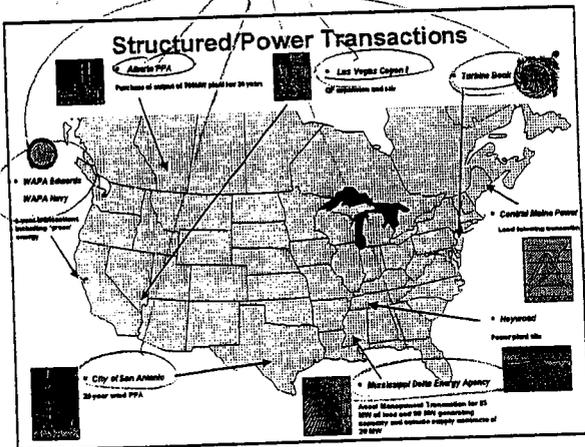
Larger Titles

Bigger #s



BIGGER TITLES

SAME - BIGGER TITLES



Smaller maps, BIGGER letters
Possibly box & overlap on top of map

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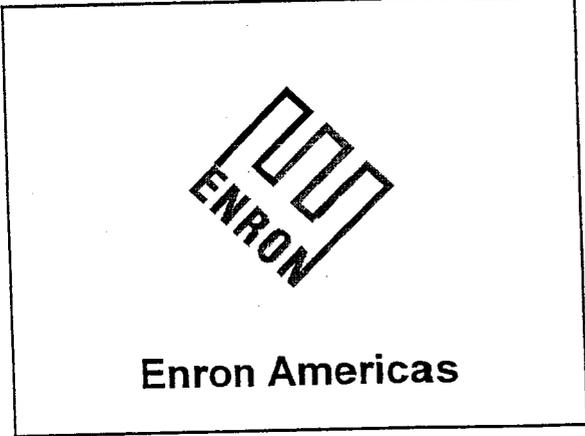
Do we want to take these 100's?

Summary of 2001 Asset Sales
(excludes items <\$10mm)

Historical Assets	Book Basis	Sales Proceeds	Gain
HPL	\$384.2	\$382.5	(\$11.7)
Development Projects			
Peakers	\$1,045	\$1,482	\$437
Pastoria	\$72.5	\$112.9	\$40.4
Fountain Valley PSCO	\$115.5	\$130.5	\$15.0
BW Power /Las Vegas Cogen	\$120.1	\$142.8	\$22.7
Heywood Site	\$1.0	\$12.7	\$11.7
Turbines - 2 x TEAs	\$40.3	\$48.5	\$8.2
Power Assets			
Alamo / NCPH	\$7.5	\$22.0	\$14.5
Saguero	\$18.5	\$20.7	\$1.5
Forecast Q4 2001 disposals			
Vtiro Sale	\$24.0	\$39.5	\$14.0
Onondaga	\$7.9	\$10	\$2.1
Doyle	0	\$4.8	\$4.7
TOTALS	\$1,817	\$ 2,880	\$764

Retail Risk Management Discussion

South America Merchant Discussion



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Enron Energy Services

Financial Highlights

(\$ in Millions)

Retail Segment Reported	Year to Date		Total Year	
	2001E	2000	2001E	2000
Earnings Before Interest & Taxes	172.0	78.5	247.0	110.8*
Net Income	89.4	14.4	127.3	58.9
Cash Flow from Operations	(101.6)	(255.2)	(44.9)	(344.2)
Capital Deployed	1,102.7	682.5	1,097.1	871.2
Return on Equity	16.4%	5.4%	23.4%	18.7%
Capital Deployed including Retail Risk Management	2,740.9	1,715.3	2,816.4	2,116.9

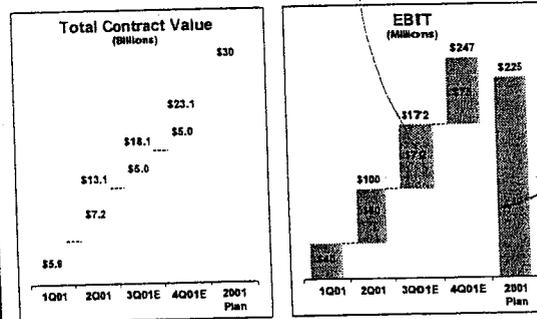
* Non-recurring EBIT of \$62.0MM

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Retail Segment Capital Deployed

	Year to Date		Total Year	
	2001E	2000	2001E	2000
Accounts Receivable	1402.0	926.7	1,402.0	1,157.2
P/X Receivables	513.0	109.5	513.0	272.4
Accounts Payable	(303.0)	(280.0)	(303.0)	(356.9)
Other Working Capital, Net	93.6	87.9	93.6	102.7
Price Risk Management, Net	671.9	506.3	842.6	698.4
PP&E, Net	158.3	126.9	167.0	152.4
Investments	99.6	120.1	91.6	103.6
Other	105.5	117.9	9.6	(12.9)
Total Capital Deployed	2,740.9	1,715.3	2,816.4	2,116.9

Quarterly Results



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Deregulation Status - U.S. Power

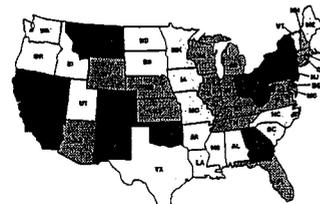


- Pace of Deregulation is Choppy
- Continued Deregulation is Important to Long-Term Strategy
- Planned Openings in 2001-2003 Adequate to Meet Near-Term Goals
- California Crisis Has Reduced Acquisition Cost and Increased Urgency in Marketplace

- Restructuring Legislation/Order Enacted
- ▨ Restructuring Enacted, Delay Implemented
- Commission and/or Legislative Investigation
- No Significant Activity/Restructuring Denied

- Total Market Open = \$76.5 Billion
- Total Market Open = 35%
- Market Size = \$219.0 Billion

Deregulation Status - U.S. Gas



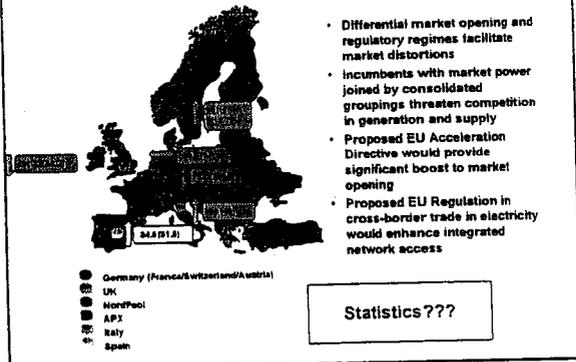
- Consumer response has been mixed with participation varying drastically
- Choice varies greatly by customer class
- Lack of urgency in the market

- States with legislation passed or comprehensive PUC order issued for all customers; however, the quality of access may vary
- ▨ States with access for some commercial customers
- States considering reform
- Competitive bidding for customers
- No activity

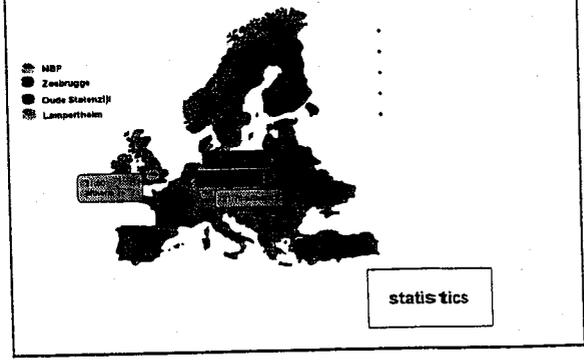
- Total Market Open = \$31.0 Billion
- Total Market Open = 51%
- Market Size = \$61.0 Billion

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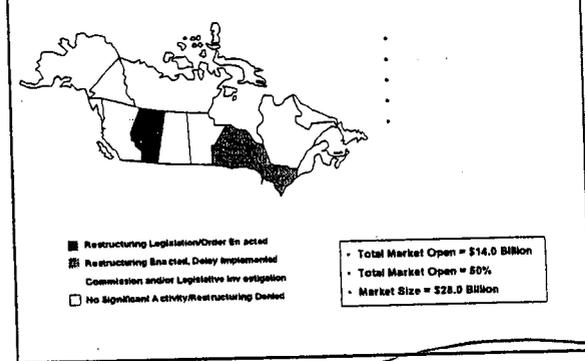
Deregulation Status – Europe Power



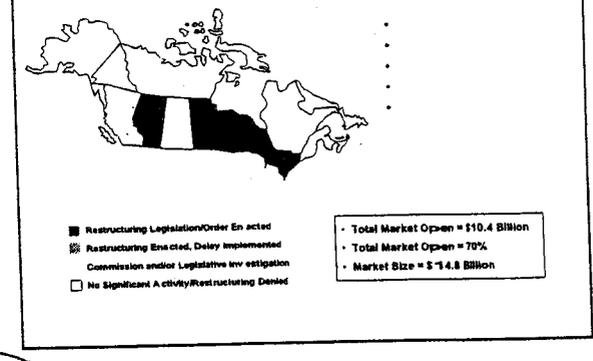
Deregulation Status – Europe Gas



Deregulation Status – Canada Power



Deregulation Status – Canada Gas



Letter Colors

Evolving Business Model

"WAS"	"IS"
<ul style="list-style-type: none"> IBM IT-Like Approach Not Scalable Long Lead Time and Sales Cycles Customized Contracts Challenging Executions 	<ul style="list-style-type: none"> Dell-Like Approach Very Scalable Standardized Contracts Component Assembly Enables Customization Appropriate Customer Acquisition and Maintenance Costs

Product-Based Business Process

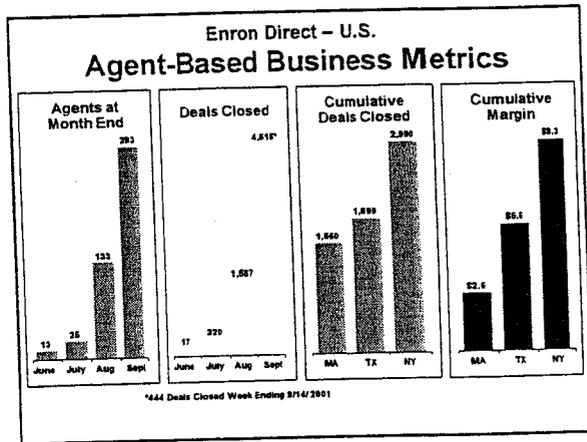
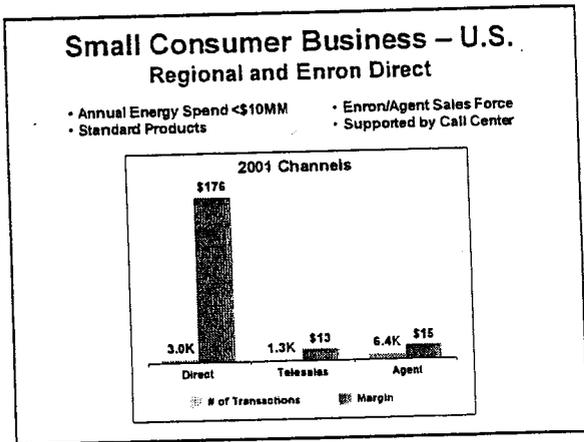
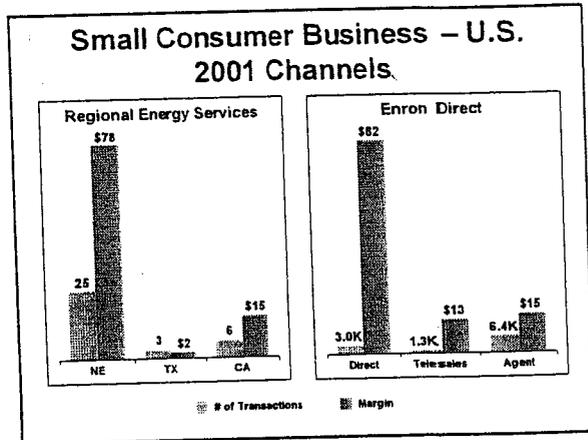
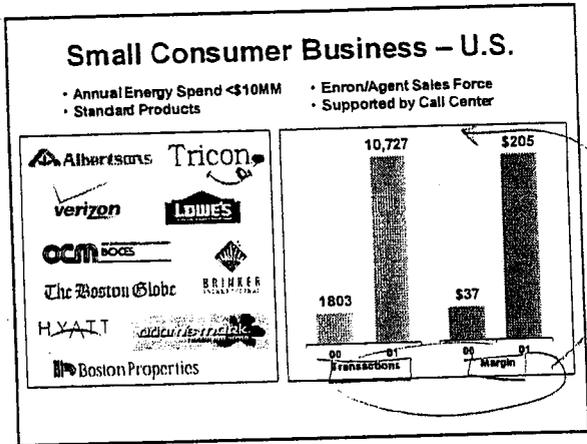
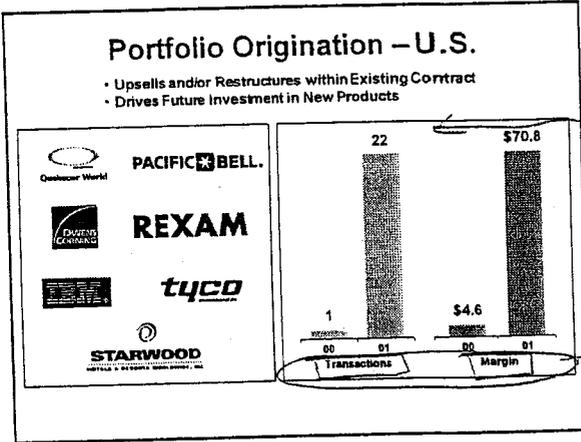
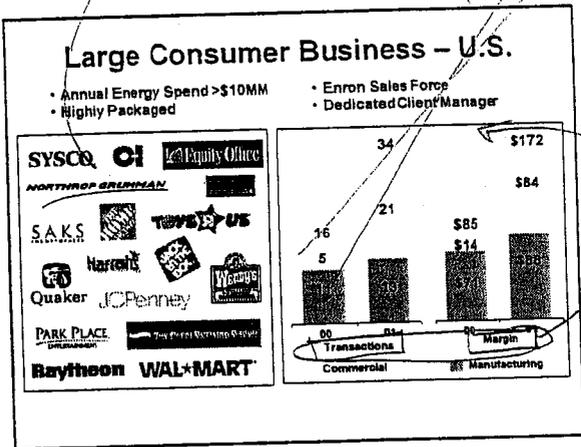
③ ② ①

<ul style="list-style-type: none"> Define Markets Target Customers Originate Business Create and Manage Sales Channels 	<p>Products</p> <ul style="list-style-type: none"> Power Natural Gas tariff Commodity DSM Facility Services Construction Services 	<ul style="list-style-type: none"> Manage Risk Manage Delivery Manage Customers Cost Optimization
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*Alternatives
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Background?
(ie light gray)
to eliminate
glare*

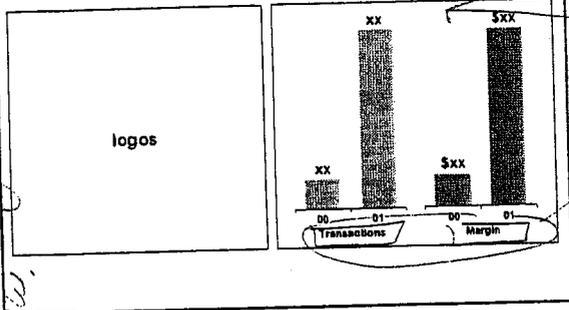
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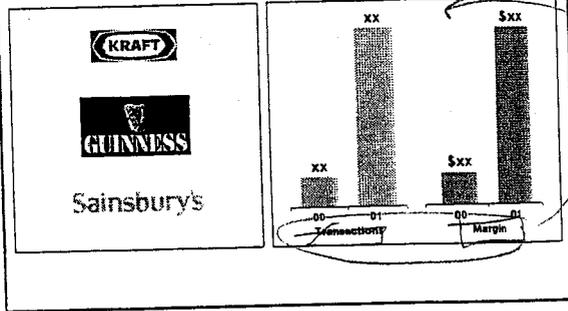
Large Consumer Business – Europe

- Annual Energy Spend >\$10MM
- Highly Packaged
- Enron Sales Force

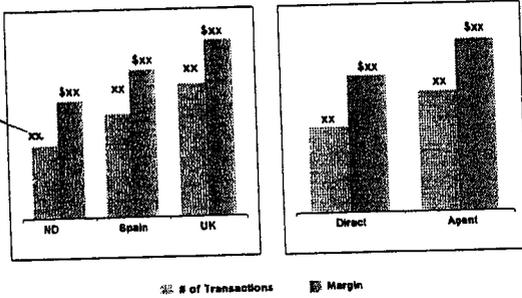


Small Consumer Business – Europe

- Annual Energy Spend <\$10MM
- Standard Products
- Enron/Agent Sales Force

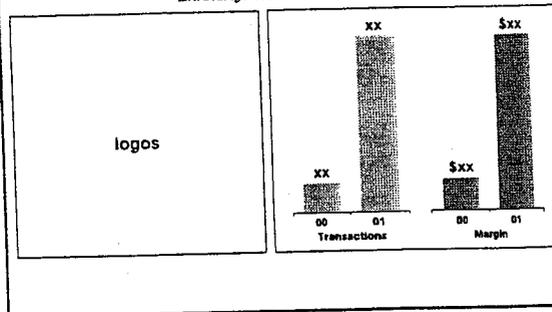


Small Consumer Business – Europe Channels

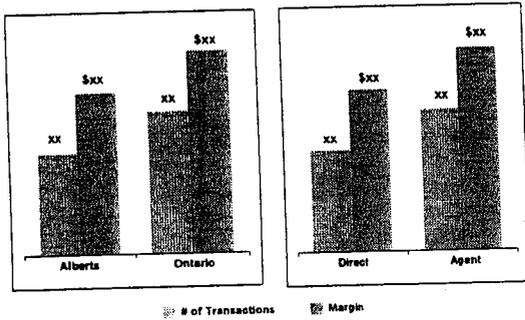


Small Consumer Business – Canada

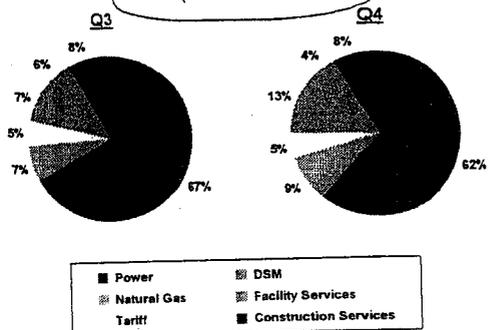
- Annual Energy Spend <\$10MM
- Standard Products
- Enron/Agent Sales Force



Small Consumer Business – Canada Channels



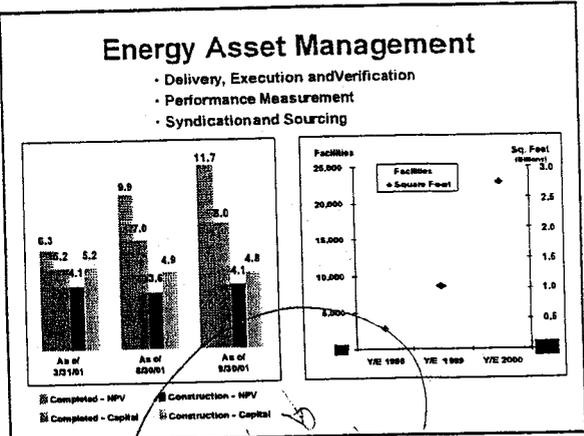
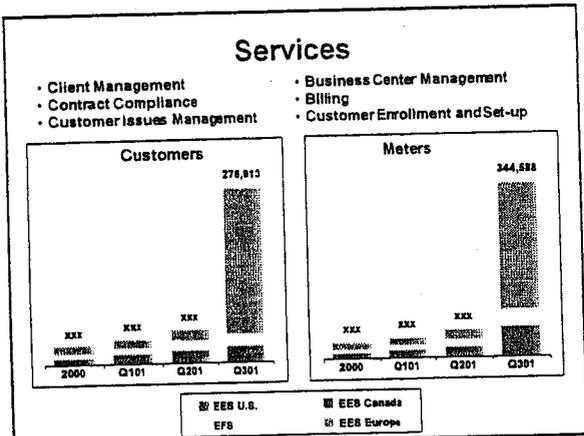
Global Product Mix



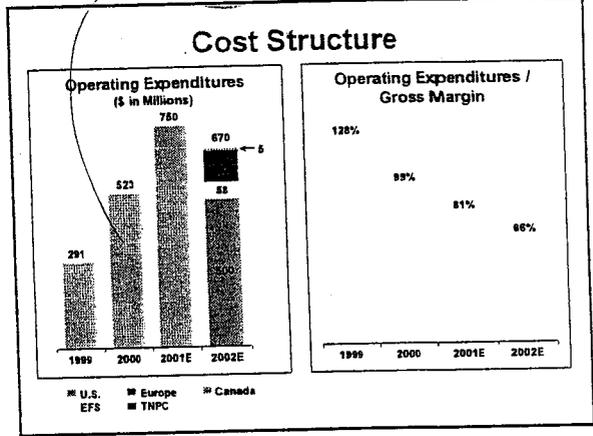
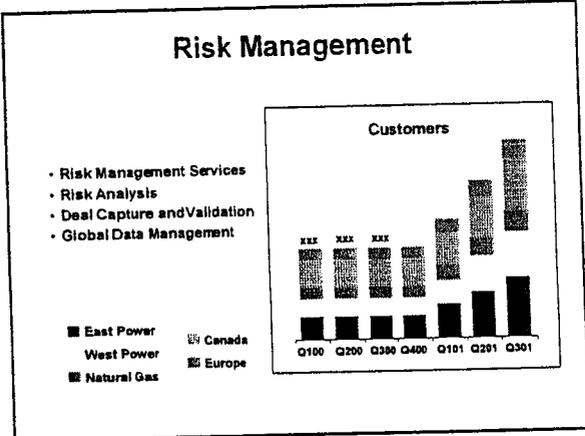
[9% of Gross Margin includes "measured"]

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on all Trns
Red/Yellow

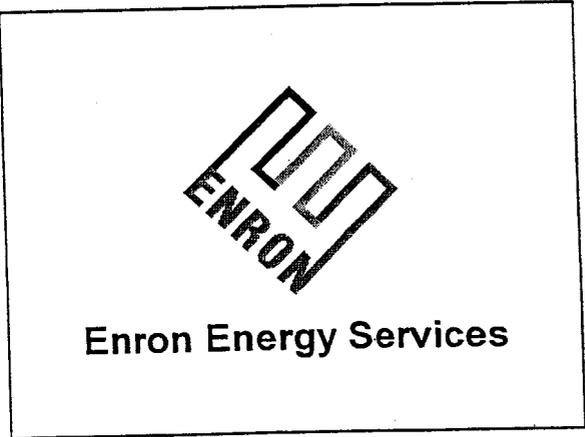
Customer Satisfaction



Attended by Blue/Green



Closing Remarks



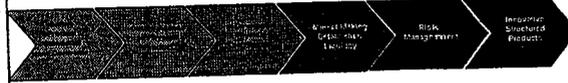
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Enron Industrial Markets

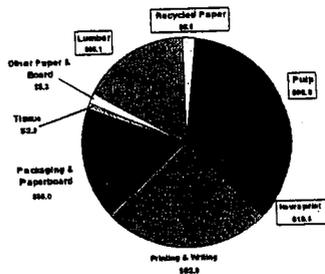
Industrial Markets

New Markets	Global Market Size	Key Market Attributes
Forest Products	\$ 330 Billion	<ul style="list-style-type: none"> • Certain base grade commodity products • Capital intensive industries that desire Risk Management products • Legacy distribution channels with no price transparency • Receptive to Enron's eCommerce model • Slow moving incumbents
Steel	\$ 250 Billion	
	\$ 580 Billion	



Forest Products - Market Size

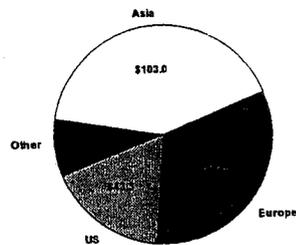
Global Revenue (Est.)
\$330 Billion



Source: Pulp & Paper II, American
Footbook, MET Fast & Price Scan

Steel - Market Size*

Global Revenue (Est.)
\$250 Billion



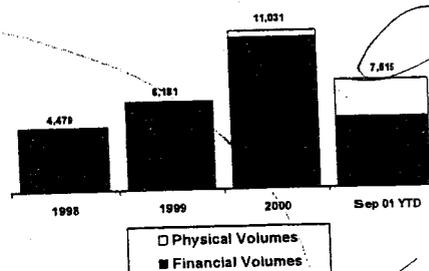
*Flat and Long Products Only

Notable Achievements

- Excellent deal pipeline in both forest products and steel - industry acceptance
- Moved 27 million tons of physical product through 9/30/01
- Generated \$104 million of gross margin through 9/30/01
- Fundamentally changed the way newsprint is bought and sold in the US.
- EOL/CI Lickpaper viewed as "The Market" for newsprint prices
- "Just-in-Time" steel delivery product now live in Chicago
- "Enron Effect" cited by the ITC as a market catalyst

Volume Information

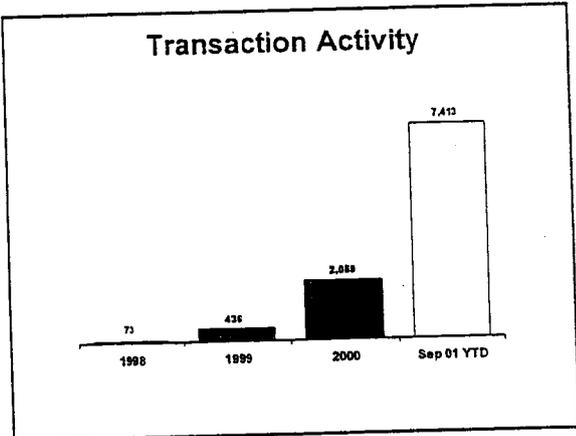
Thousand Metric Tons



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How does this compare to 27 in prior slide?

Over 80% of Enron's 2000 revenue is from the industrial market



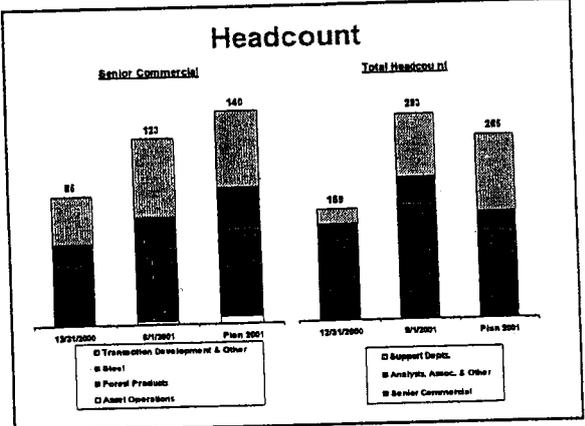
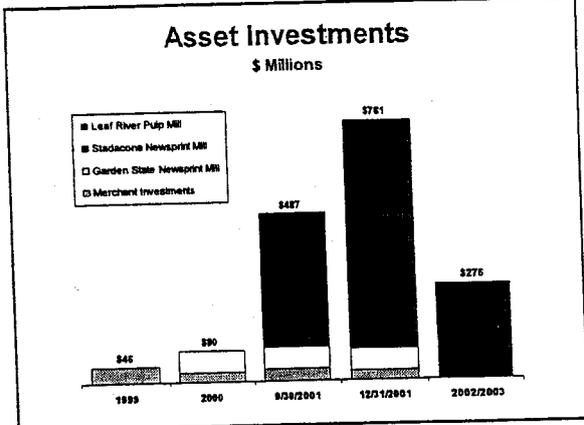
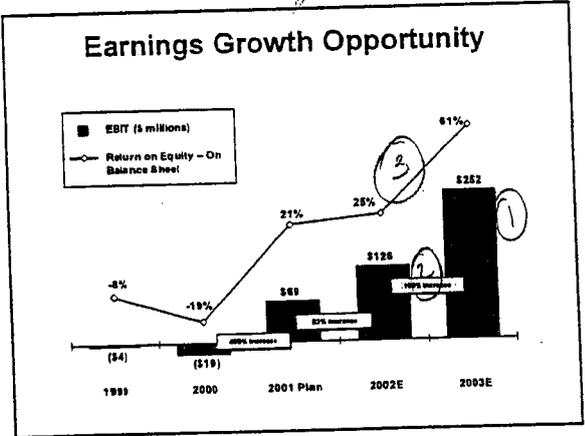
Financial Highlights

\$ Millions

	Year to Date (9/30)		Total Year	
	2001	2000	2001**	2000*
Earnings Before Interest & Taxes	\$ 45	\$ 2	\$ 69	\$ (18)
Net Income	\$ 24	\$ 1	\$ 43	\$ (5)
Cash Flow from Operations	\$ (75)	N/A	\$ (41)	N/A
Capital Deployed				
On Balance Sheet	\$386	\$ 201	\$ 385	\$ 116
Total	\$ 76	\$ 201	\$ 761	\$ 116
Return on Equity				
On Balance Sheet	18%	2%	21%	(19)%
Total	10%	2%	12%	(19)%

* ENA formed 1/1/2001, 2000 information based on restated ENA Downstream Industrial team results and excludes impact of Pulp and Paper Trading monetization in December 2000
 ** Estimated

Assumed Leaf River



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**COMPENSATION COMMITTEE MEETING HIGHLIGHTS
SEPTEMBER 14 & SEPTEMBER 27, 2001**

September 14, 2001

- Discussed employment contract terms for Mark Frevert, Rick Buy, Rick Causey, Steve Kean and Mark Koenig. Approved market driven equity grants. As of October 8, 2001, all executives (except Steve Kean) have executed the proposed agreements.
- Approval of Andy Fastow's contract terms was deferred until September 27, 2001.
- Insurance swap arrangement for Mr. Lay was approved.

September 27, 2001

- Approved contract terms for Andy Fastow. Employment contract has been executed.

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